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The Civil List

The amounts payable to members of the Royal Family under the Civil List Acts to finance expenditure incurred in carrying out their official duties in 1985 have been announced by the Chancellor of the Exchequer.

The proposed sums were announced by the Chancellor of the Exchequer, Mr Nigel Lawson, on 19 March (*Hansard*, Vol 75, No 83, written answers, cols 467-8). They represent in total an increase of 3·25 per cent over 1984 (figures for which are given in brackets) and are as follows.

	1985 £
The Queen's Civil List	3,976,200 (3,850,000)
Queen Elizabeth, the Queen Mother	345,300 (334,400)
The Duke of Edinburgh	192,600 (186,500)
Princess Anne, Mrs Mark Phillips	120,000 (116,200)
Prince Andrew	20,000 (20,000)
Prince Edward	20,000 (20,000)
Princess Margaret	116,800 (113,100)
Princess Alice, Duchess of Gloucester	47,300 (45,800)
The Duke of Gloucester	94,000 (91,000)
The Duke of Kent	127,000 (123,000)
Princess Alexandra, the Hon Mrs Angus Ogilvy	120,900 (117,000)
Total	5,180,100 (5,017,000)
Refunded by the Queen	341,900 (331,000)
	4,838,200 (4,686,000)

The sum refunded by the Queen to the Consolidated Fund is equivalent to the payments to the Duke of Gloucester, the Duke of Kent and Princess Alexandra.

No special provision is made for the Prince of Wales who is entitled to net revenues from the Duchy of Cornwall although he surrenders a quarter of these to the Exchequer. The annual amount paid to Prince Edward at present is £8,500, the balance being accumulated by the Royal Trustees.

Ministerial Changes

Following the resignation, on medical advice, of the Earl of Avon, OBE, TD, DL, Parliamentary Under-Secretary of State at the Department of the Environment, a number of new ministerial appointments have been made.

The new appointments are as follows:

Department of the Environment
Minister of State
The Lord Elton, TD (former Minister of State, Home Office)

Department of Health and Social Security
Parliamentary Under-Secretary of State
The Baroness Trumpington (former Baroness in Waiting – Government Whip in the House of Lords)

Home Office
Parliamentary Under-Secretary of State
The Lord Glenarthur (former Parliamentary Under-Secretary of State, Department of Health and Social Security)

House of Lords
Baroness in Waiting
The Baroness Cox

Interception of Communications Bill

The Interception of Communications Bill, which has received its second reading in the House of Commons, is designed to provide a clear statutory framework in which the interception of mail and telephone calls for certain

limited purposes would be authorised and controlled in a manner commanding public confidence. The Bill does not seek to broaden the scope of existing practices, which permit the authorisation of interception on grounds of national security and the prevention and detection of serious crime, or to safeguard the economic well-being of the United Kingdom. It embodies existing safeguards in statute, and provides significant additional protection against the improper use of interception. It would also ensure that the United Kingdom law was in compliance with the European Convention on Human Rights.[1]

USE OF INTERCEPTION

A White Paper setting out the background to the Bill and outlining its main features and the procedures to be followed in giving it effect was published on 7 February.[2] This describes the purposes for which interception is at present authorised and lists those Secretaries of State with powers to issue warrants for interception.

The Government believes that the properly controlled interception of communications for certain limited but important purposes is not only justified but essential in the public interest. For example, major criminals or those engaged in subversive, terrorist or espionage activity should not be free to make use of the postal or telecommunications systems to further their activities with immunity from detection. If normal methods of investigation are not available, it is right that means should exist to obtain information about such activities through the interception of communications, so long as this is carried out under clear safeguards and strict controls. For many years therefore a carefully controlled system of ministerially authorised interception has existed. Interception has made possible the prevention and detection of serious crime, including major robberies, crimes of violence and drugs offences, and has led to the prosecution of those responsible. It has also been vital in the prevention of terrorism and for safeguarding the security of the nation.

Secretaries of State authorise the following forms of interception. The Home Secretary authorises interception at the request of the police and HM Customs and Excise in England and Wales, and of the security services, for the purposes of preventing or detecting serious crime and of safeguarding the security of the State. The Secretary of State for Northern Ireland authorises interception for these purposes within his responsibilities. The Secretary of State for Scotland does so at the request of the police and HM Customs and Excise in respect of Scotland for the purpose of preventing or detecting serious crime and for certain counter-terrorist interceptions on behalf of the police.

[1]On 2 August 1984 the European Court of Human Rights delivered judgment in the Malone case, which concerned the interception of telephone conversations on behalf of the police. The Court found that the law of England and Wales did not indicate with sufficient clarity and precision the scope and manner in which the power to authorise interception was to be exercised, and that it therefore did not satisfy article 8 of the European Convention on Human Rights, which concerns the right to respect for a person's private life and correspondence.

[2]*The Interception of Communications in the United Kingdom.* Cmnd 9438. HMSO, £2·25. ISBN 0 10 194380 6.

The Foreign and Commonwealth Secretary authorises interception in accordance with the Government's requirements for intelligence in support of its defence and foreign policies when he considers that this is necessary in the interests of national security or to safeguard the economic well-being of the country.

MAIN PROVISIONS OF THE BILL

Clause 1 of the Bill creates for the first time a general criminal offence of unlawful interception. This would be committed by anyone who intentionally intercepted communications in the course of their passage through the post or public telecommunications system. The maximum penalty for the offence would be two years' imprisonment, or an unlimited fine, or both. Prosecutions for this offence would be capable of being brought in the criminal courts in the ordinary way by or with the consent of the Director of Public Prosecutions.

Clause 2 gives the Secretary of State the power to issue warrants for the interception of communications and defines the grounds on which they may be issued. The existing strict conditions would continue to be applied. The grounds for issuing warrants are the interests of national security, the prevention or detection of serious crime, and the safeguarding of the economic well-being of the United Kingdom if the information that it is considered necessary to acquire concerns matters outside the country. Warrants would be issued only when other methods of investigation had failed or were likely to fail.

Clause 3 describes the scope of warrants that can be issued, and specifies the conditions for the issue of each kind of warrant.

Clause 4 provides for the issue and renewal of warrants by the Secretary of State, limits their duration to a maximum of six months and specifies the circumstances in which warrants must be cancelled. Warrants may, as now, be issued only on the personal authority of the Secretary of State.

Clause 5 gives the Secretary of State power to modify warrants, and requires him to do so in certain circumstances (for example, by deleting from a warrant an address which is no longer likely to be used by the person against whom the warrant is directed).

Clause 6 requires the Secretary of State to ensure that there are arrangements to safeguard intercepted material, and to limit the use made of it to the purposes specified in clause 2 of the Bill.

Clause 7 and schedule 1 establish an independent tribunal, consisting of five senior lawyers appointed for a fixed term, to which anyone who believes that his (or her) communications have been improperly intercepted may apply. The tribunal would then determine whether the Secretary of State had correctly exercised his powers in relation to any warrant concerning the applicant. In any case where he had not, the tribunal would have the power to quash the warrant, order the destruction of intercepted material, and award compensation. The tribunal would not deal with cases where interception might have taken place without a warrant. Such interception would be a criminal offence, and would be dealt with by the criminal courts under clause 1 of the Bill.

Clause 8 establishes the post of commissioner to review the workings of the legislation as a whole,

including the exercise of the Secretary of State's powers and the associated procedures. The commissioner, who would be a judge of at least High Court standing, would be the successor to the existing judicial monitor, first appointed in 1980 to keep under review the arrangements set out in the White Paper *The Interception of Communications in Great Britain* (see pp 92-3, 1980). The commissioner would review continuously the exercise of the Act and report annually to the Prime Minister.

Clause 9 establishes certain limitations on references to interception in legal proceedings.

Schedule 2 tightens the rules governing the disclosure of information about the subscriber's use of the telecommunications service provided to him. Amendment of section 45 of the Telecommunications Act 1984 would make improper disclosure of such information (a practice generally referred to as 'metering' information) a criminal offence, though exceptions (modelled on those in the Data Protection Act 1984 – see pp 44-7, 287-8, 1984) are provided for disclosures made for the prevention or detection of crime, for the purposes of criminal proceedings, or in the interests of national security.

PARLIAMENTARY DEBATE

The Bill received its second reading in the House of Commons on 12 March (*Hansard*, Vol 75, Nos 78 and 79, cols 151-261), by 278 votes to 175, a government majority of 103.

Government View

Opening the debate, the Home Secretary, Mr Leon Brittan, said that it was neither the purpose nor the effect of the Bill to broaden the scope of present practices governing the use of interception. The Government neither sought nor wanted any additional powers, but was providing, for the first time, a clear and comprehensive statutory framework for the interception of communications. It was creating a new criminal offence of unauthorised interception and was providing an effective means of redress for those wishing to complain that interception had been improperly authorised.

Governments of varying political complexions had accepted that in defined and carefully controlled circumstances it was right and necessary to intercept communications. The ability to communicate effectively and quickly was essential to the criminal, the terrorist and the spy. The ability to intercept such communications was a legitimate and essential tool in the hands of those whose job it was to defend society and protect liberties.

The issue before the House, therefore, was not whether the use of interception was necessary and legitimate; it was how the use of interception should be limited, regulated and controlled. Interception of communications was always highly distasteful; it was a major intrusion into privacy; it had, therefore, always been the subject of very stringent controls. Successive Secretaries of State had set themselves the highest standards in operating the present arrangements and had established clear limitations on the circumstances in which the existing powers had been used.

Referring to recent allegations that the security services had operated improperly in looking at subversive activity,[1] the Home Secretary said that he had concluded from his own examinations that the security services had carried out no operation, investigation, surveillance or action against any individual otherwise than for the purposes laid down in its directive and with the propriety which successive governments had rightly demanded of it.

Mr Brittan said that he could not comment on individual allegations, but reiterated that no member of the Campaign for Nuclear Disarmament, no member of a trade union – nor for that matter any individual – need fear that he (or she) was the object of surveillance by the security authorities unless his own actions and intentions brought him within the strict criteria set out in the definition of subversion. Subversion was defined as 'activities which threaten the safety or well-being of the State, and which are intended to undermine or overthrow parliamentary democracy by political, industrial or violent means'. Both elements of the definition had to be satisfied before an activity could be regarded as subversive. That definition governed the work of both the security services and the police special branch in relation to subversion.

It was therefore clear that peaceful political campaigning to change the mind of the Government or people generally about political issues could not constitute subversion. But that did not mean that the security authorities should be prevented from investigating someone whose activities threatened the safety or well-being of the State and were intended to undermine or overthrow parliamentary democracy, just because that person happened to be a member of a trade union or of a particular pressure group. It would be wrong to investigate legitimate organisations as such, but it would be absurd to regard membership of such bodies as providing immunity from investigation for those who would otherwise legitimately be subject to such inquiries.

The Government did not believe there were any grounds for changing the present system of accountability of the security services to ministers.

Mr Brittan said that he was well aware that some MPs would like to go further than the present Bill: they wished to see general privacy legislation. However, successive governments had accepted that the introduction of a general right of privacy would be likely to introduce uncertainties into the law which could have substantial adverse implications for the free circulation of information. The Government believed that the best approach was to deal with practical problems and find the right practical solution in each area. The Data Protection Act and, in a different way, the Broadcasting Complaints Commission were but two examples of that approach. It was an approach that the Government was also applying to the question of surveillance. It was quite proper for people to be concerned about the use of surveillance or bugging devices, and Mr Brittan reminded the House that last December he had published strengthened guidelines to the police on the use of such devices. These tight-

[1] Allegations were made in the Channel 4 television film *MI5's Official Secrets* about improper surveillance of members of the Campaign for Nuclear Disarmament and certain trade unions. On 28 February the Prime Minister asked the judicial monitor of interception arrangements, Lord Bridge of Harwich, to examine the relevant papers to determine whether improperly authorised interception had taken place. Lord Bridge reported in early March that no warrant for interception had been issued in contravention of the appropriate criteria.

ened up substantially the previous criteria for the use of listening devices and of certain cases of visual surveillance; extended the range of cases in which the chief constable's personal authority was required; and ruled out any attempt to use a listening device as a means of circumventing the controls over authorised interception.

The various safeguards introduced by the Bill needed to be judged together. The bedrock of the scheme was the offence of unlawful interception; any interception not expressly provided for, whoever carried it out, was a criminal offence. Only a Secretary of State might authorise interception and he might act only on the criteria laid down in the Bill. His decisions might be overturned by the tribunal if it found that he had acted outside his powers. He was not, therefore, the final arbiter either as a matter of law or in practice. He was required to take steps to ensure the proper handling of material gained from interception. The exercise of all his powers, and all the associated arrangements, were subject to scrutiny by the commissioner, who would report on them. The scheme was, therefore, one of a series of complementary checks. Taken as a whole, as they must be, the provisions added up to a comprehensive series of safeguards.

The Bill raised issues of great importance to the preservation of law and order and of national security. It would reinforce public confidence in the handling of this most sensitive area, providing for the first time a means of redress for the individual. But the Government had to ensure that nothing it did prevented the safeguarding of national interests. The Bill, he considered, maintained the right balance.

Earlier in his speech the Home Secretary announced that the Government intended to introduce legislation, based on proposals in the Law Commission's report on the law on breach of confidence in England and Wales,[1] for civil remedy against people who obtained information by improper means, including the use of surveillance devices. Such people would be subject to an obligation not to use or disclose that information. If they did so, they would be civilly liable to an action for breach of confidence. That approach had the considerable advantage of concentrating on the real mischief, namely, the use to which information obtained by surveillance was put. It provided the victim with a direct means of redress and would offer people an important and wholly new safeguard in an area of legitimate concern.

Opposition Views

The chief Opposition spokesman on home affairs, Mr Gerald Kaufman, criticised the Bill for giving statutory authority to interception of communications on criteria so vague and so sweeping as to permit interception on an unacceptably wide basis, and for providing insufficient safeguards for those adversely affected by unlawful interception. He said there was profound concern about the erosion of civil liberties in Britain and about serious allegations made in connection with the security services. The Bill dealt only with telephone tapping and interception of letters sent by post, although telephone tapping was now technologically an almost primitive form of interception. Other methods were freely available. The Bill allowed single warrants covering a number of addresses or whole organisations so that the number issued needed only to represent a fraction of the number of people to be covered by such warrants. In certain circumstances tapping of communications into or out of the country would not carry even such safeguards as attached in the Bill to warrants for internal interception. Further, the definitions of the criteria for issuing a warrant were vague to the point of giving the Home Secretary and his colleagues a completely free hand. The drawback as regards the office of commissioner was that he would be appointed by the Prime Minister, to whom he would report. There would be no accountability to Parliament. The House must seize the opportunity of the Bill to start the process of making the security services responsible to Parliament. The commissioner should be appointed by the House, and should report to a select committee of the House. He should be a servant of Parliament, not a functionary of government.

For the Liberal Party, Mr Alex Carlile spoke of the need to define 'serious crime' in the context of the Bill, and of the need to reconsider the penalties, which he considered unduly lenient, imposed upon employees of public telecommunications systems for disclosing information about the subscriber's use of the services provided to him. He also considered the powers of the proposed tribunal to be almost purely procedural; the tribunal should have power to consider not only whether the Secretary of State considered in good faith that interception was necessary but whether interception really was necessary.

Speaking for the Social Democratic Party, Mr Robert Maclennan said that the Bill fell far short of what was required to protect the public from abuse of the Secretary of State's discretionary power to order surveillance and that it was unclear as to the powers enjoyed by the tribunal. The procedural limitations on the role of the tribunal vitiated its effectiveness and made it unlikely that it would be able to grant effective redress. He criticised the Bill for making no provision for scrutinising whether a Secretary of State in issuing the warrant acted proportionately to the end to be achieved and whether the interference was necessary to achieve the intended objective. The test must be written into the Bill, and the power of objective scrutiny must be given to the tribunal and to the commissioner. He suggested a system of external scrutiny to be established by MPs, although answerable to the Prime Minister and to members of the Government.

[1] *Breach of Confidence*, Law Commission Report No 110. Cmnd 8388 (1981). HMSO, £8·35. ISBN 0 10 183880 8.

Recent Legislation

The public Acts of Parliament passed between November 1984 and 4 April 1985 when the Easter adjournment started are listed below.

Brunei and Maldives Act 1985. Makes provision for the admission of Brunei and Maldives to membership of the Commonwealth. Royal Assent: 11.3.85. Ch 3, ISBN 0 10 540385 7, HMSO, 75p.

Business Names Act 1985. Consolidates certain enactments relating to the names under which people may

carry on business in Great Britain. Royal Assent: 11.3.85. Ch 7, ISBN 0 10 540785 2, HMSO, £1·75.

Cinemas Act 1985. Consolidates the Cinematograph Acts 1909 to 1982 and certain related enactments. Royal Assent: 27.3.85. Ch 13, ISBN 0 10 541385 2, HMSO, £3·15.

Companies Act 1985. Consolidates the greater part of the Companies Acts 1948 to 1983. Royal Assent: 11.3.85. Ch 6, ISBN 0 10 540685 6, HMSO, £19.

Companies Consolidation (Consequential Provisions) Act 1985. Makes, in connection with the consolidation of the Companies Acts 1948 to 1983 and other enactments relating to companies, provision for transitional matters and savings, repeals and consequential amendments of other Acts. Royal Assent: 11.3.85. Ch 9, ISBN 0 10 540985 5, HMSO, £4·50.

Companies Securities (Insider Dealings) Act 1985. Consolidates the enactments relating to insider dealing in company securities. Royal Assent: 11.3.85. Ch 8, ISBN 0 10 540885 9, HMSO, £2·25.

Consolidated Fund (No 2) Act 1984. Gives parliamentary authority for sums to be issued out of the Consolidated Fund to meet the Government's expenditure requirements. Royal Assent: 20.12.84. Ch 61, ISBN 0 10 546184 9, HMSO, 35p.

Consolidated Fund Act 1985. Gives parliamentary authority for sums to be issued out of the Consolidated Fund to meet the Government's expenditure requirements. Royal Assent: 24.1.85. Ch 1, ISBN 0 10 540185 4, HMSO, 35p.

Consolidated Fund (No 2) Act 1985. Gives parliamentary authority for sums to be issued out of the Consolidated Fund to meet the Government's expenditure requirements. Royal Assent: 27.3.85. Ch 11, ISBN 0 10 541185 X, HMSO, 35p.

Elections (Northern Ireland) Act 1985 (see p 431, 1984). Royal Assent: 24.1.85. Ch 2, ISBN 0 10 540285 0, HMSO, £1·75.

Friendly Societies Act 1985. Affords protection to friendly society policyholders whose contracts have subsequently been discovered to be open to legal doubts, and makes a technical change to entitlement to tax-exempt benefits from friendly societies. Royal Assent: 20.12.84. Ch 62, ISBN 0 10 546284 5, HMSO, 75p.

Hong Kong Act 1985 (see pp 291-3, 1984 and 16-17). Royal Assent: 4.4.85. Ch 15, ISBN 0 10 541585 5, HMSO, 80p.

London Regional Transport (Amendment) Act 1985. Concerns the payment of grants to London Regional Transport by the Greater London Council in 1984-85. Royal Assent: 11.3.85. Ch 10, ISBN 0 10 541085 3, HMSO, 35p.

Milk (Cessation of Production) Act 1985. Compensates certain producers for discontinuing or reducing milk production. Royal Assent: 11.3.85. Ch 4, ISBN 0 10 540485 3, 75p.

Mineral Workings Act 1985. Repeals provisions of the Mineral Workings Acts 1951 and 1971 concerning the Ironstone Restoration Fund whose assets are to be transferred to the British Steel Corporation. Royal Assent: 27.3.85. Ch 12, ISBN 0 10 541285 6, HMSO, £1·75.

National Heritage (Scotland) Act 1985. Transfers responsibility for the Royal Scottish Museum and the National Museum of Antiquities of Scotland to a new Board of Trustees of the National Museums of Scotland and makes provision for related matters. Royal Assent: 4.4.85. Ch 16, ISBN 0 10 541685 1, HMSO, £3·70.

New Towns and Urban Development Corporations Act 1985. Contains certain provisions for the completion and subsequent winding-up of the new towns programme in England and Wales; provides for a number of minor changes in the legislation governing new towns, including those in Scotland; and increases the financial limits on new towns and urban development corporations. Royal Assent: 11.3.85. Ch 5, ISBN 0 10 540585 X, HMSO, £2·70.

Shipbuilding Act 1985. Extends the life of the Shipbuilding Redundancy Payments Schemes by 18 months and formally writes off certain irrecoverable outstanding loans made by the Shipbuilding Industry Board to Upper Clyde Shipbuilders. Royal Assent: 27.3.85. Ch 14, ISBN 0 10 541485 9, HMSO, 35p.

European Community

The admission of Spain and Portugal to the European Community was agreed by the European Council at its meeting in Brussels on 29 and 30 March; other agreements covered the implementation of budgetary arrangements for Britain negotiated in 1984 and the launching of an initiative to open up the common market. The need for full application of the Community's existing treaties and declarations was stressed by the Foreign and Commonwealth Secretary, Sir Geoffrey Howe, in a speech in Milan on 7 March.

EUROPEAN COUNCIL

Prime Minister's Statement

Reporting to the House of Commons on 2 April (*Hansard*, Vol 76, No 93, cols 1063–72), the Prime Minister, Mrs Margaret Thatcher, said that the Council had effectively completed the negotiations on Spanish and Portuguese membership. The Treaty of Accession would soon be submitted to the twelve national parliaments for ratification, opening the way for the entry of Spain and Portugal on 1 January 1986. The terms were satisfactory for Britain since there would be an acceptably quick dismantling by Spain of high tariffs on certain industrial goods, including cars. In addition there would not be any reductions in fish quotas available for British fishermen and no new access for Spanish fishing-boats to the North Sea fishing grounds. Agreement had also been reached on the financing over a period of seven years of programmes to assist Mediterranean member states to adjust to the effects of enlargement on their own economies; about £950 million would be made available as a result of increases in the social and regional structural funds and Britain's share would be some 7 per cent – less than £10 million a year.

Mrs Thatcher said that a full discussion had taken place about the economic situation in the Community with particular reference to the creation of jobs and the achievement of a single large market by 1992. Britain had proposed that the Council should cut the burden of bureaucracy on business by reducing the number of existing Community rules and regulations and that any proposed new Community legislation should be scrutinised with regard to its effect on business. This initiative had been widely welcomed in the Council and was reflected in its conclusions. The Council was also concerned to moderate labour costs and remove restrictive practices, especially with regard to new technology.

The Council had endorsed the first report of the Committee on a People's Europe which contained proposals for easier movement across frontiers, higher travellers' allowances, easier arrangements for road transport, and mutual recognition of qualifications. With regard to frontiers, Britain had made clear the need to maintain strong control against drugs, terrorism and illegal immigration, and that the completion of the internal market did not imply tax harmonisation. Measures to strengthen technology had also been discussed, notably the mutual recognition of industrial standards and the opening-up of public procurement to competitive tender from firms throughout the Community.

The text of a revised decision on the Community's income (own resources) had been agreed which would be submitted to national parliaments for ratification. The text provided for additional own resources to be available from 1 January 1986 and would put into Community law the Fontainebleau arrangements for abating Britain's budgetary contributions by reducing the amount of value added tax paid to the Community (see p 248, 1984). It would also include Britain's abatement (£600 million) for 1984 which would become available after ratification of the decision and without waiting for any general increase in the Community's resources.

Concluding, Mrs Thatcher said that the Council had marked the end of a period of important decisions and had further demonstrated the Community's capacity to resolve its problems and move forward in a spirit of partnership and co-operation.

Presidency Conclusions

Enlargement

The European Council expressed satisfaction that the essential points in the accession negotiations with Spain and Portugal had been settled and that solutions to the key issues of fisheries, agriculture, social affairs and finance had been reached.

Economic and Social Situation

The Council emphasised the need for action to achieve a single large market by 1992 in order to create a more favourable environment for stimulating enterprise, competition and trade, and called upon the Commission to draw up a detailed programme with a specific timetable. It also supported action to encourage the creation and development of small and medium-sized undertakings by reducing administrative and legal constraints, and to increase the efficiency of the labour market. In addition the Council urged specific action to expand employment, including a

Commission study of the potential for using the Social Fund to promote innovatory schemes, and programmes for solving the employment problems of certain disadvantaged social groups.

Support for New Technology

Reiterating the importance of strengthening the technological base and competitiveness of industry, the Council endorsed, a number of objectives, including the complete unification of the internal market through the mutual recognition of standards, the creation of European standards in appropriate cases, the opening-up of public contracts and stricter rules on aid to industry; making better use of human resources by means of increased mobility for students and researchers and by recognising certain high-level establishments as Community 'centres of excellence'; and improving the use of the Community's scientific and technical potential. The Council also reaffirmed its commitment to increasing Community resources for research and development.

The Environment

Welcoming recent work done by environment ministers on combating air pollution from motor vehicles (see p 132), the Council designated 1987 as European Environment Year and stressed that environmental considerations would be an essential component of economic, industrial, agricultural and social policies implemented by the Community and its member states. It acknowledged the need for member states to take coherent action within the Community framework to protect the air, the sea and the soil since isolated action was unlikely to prove effective.

A People's Europe

Following an examination of the report from the Committee on a People's Europe, the Council agreed to both the proposals for immediate implementation and those relating to long-term objectives. It requested the Council of Ministers to take the necessary decisions and the Commission to put the report's proposals into practice. In addition it invited member states to take action to implement decisions within their field of competence, but emphasised that the objective of abolishing frontier formalities should remain compatible with the need to combat terrorism and drug trafficking. Finally the Council requested the Committee to continue discussions and present a further report by its June meeting.

[The Committee was set up in 1984 to propose arrangements of direct relevance to Community citizens and offering tangible benefits in their everyday lives. In its report the Committee urges immediate action on the simplification of formalities on road frontier posts, the gradual combination of control posts on land frontiers, simplified controls for citizens of member states at seaports and airports, and the introduction of a common passport (see p 295, 1984). It also favours a precise timetable for the completion of a single market in which the full benefits of lower costs of transport and travel (and associated services such as insurance) could be realised, thereby assisting economic development and bringing the citizens of member states closer together. The report supports the removal of taxation problems that may impede freedom of movement of workers within the Community, the mutual recognition of diplomas or other examinations, the consideration of a European vocational training pass for craftsmen and workers with special qualifications, and the right of residence for citizens wanting to live in a country other than their own.]

The Community's Institutions

The European Council also welcomed the approach of the *Ad-Hoc* Committee on Institutional Affairs (the Dooge Committee) and the content of its proposals. These would be considered further over the coming months with a view to the Council reaching final conclusions at its next meeting in June.

[The Committee examined the Community's institutional requirements in the context of its future development. Subject to various reservations by individual member states on particular issues, this is seen to involve the creation of a genuine internal market as an essential step towards economic and monetary union; the removal of all measures distorting competition within the common market; the reduction of structural imbalances to allow the convergence of living standards; the development of a technologically advanced Europe; and closer monetary integration through strengthening the European Monetary System. Social developments envisaged include measures to protect the environment and improve working conditions; the introduction of a European social area to complement the development of an integrated economic community; the establishment of a homogeneous judicial area; and the promotion of common cultural values to reinforce a European cultural identity. Finally, in external affairs, the Committee favours the creation of a permanent secretariat to improve political co-operation on foreign policy, and consultation on defence and security problems within this procedure.

Against this background the Committee's report recommends that heads of Government should play a strategic role and give direction and political impetus to the Community and that two instead of three meetings a year of the European Council would be sufficient for this purpose. The majority of the Committee supports the idea that decisions by the Council of Ministers should be taken by qualified or simple majority; the minority, including Britain, considers that more use should be made of the majority voting provisions laid down in the treaties, but that in cases where a member state regards very important interests to be at stake, the discussion should continue until unanimous agreement is reached. In order to prevent abuse of this proposal, the British representative suggested that any member state insisting on a prolongation of discussion in this way should have to explain fully and formally the nature of any such important interest.

The Committee recommends that the autonomy of the European Commission should be confirmed, that its President should be designated by the European Council, and that the other Commissioners should be appointed by common agreement among member states acting on a proposal from the President-designate; the British representative considered that the other Commissioners should be nominated by member states, after consultation with the President-designate, and appointed by common consent. The Committee also suggests that the Commission should not include more than one national from any member state.

The Committee would like to see the effective par-

ticipation of the European Parliament in legislation in the form of joint decision-making with the Council of Ministers, its increased supervision over Community policies, and some responsibility given to it on decisions concerning revenue. Britain entered a reservation stating that the Parliament should be encouraged to make a more effective contribution to decision-making, within its Treaty powers.

Finally the Committee proposes that a conference of member states should be convened to negotiate a draft European Union treaty based on its report and the Stuttgart declaration (see pp 226–9, 1983). The British and Greek representatives considered that the recommendations should be the subject of consultations between governments before the June meeting of the European Council, so that decisions could be taken there by heads of Government.]

Famine in Africa

The Council called for a continuation of the efforts being undertaken to improve the effectiveness of action to ensure that food deliveries reached all the victims of the famine in Africa (see p 106). It also stressed the need for short-term aid to be supplemented by medium-and long-term structural measures which alone could enable the countries concerned to re-establish their food production and, by their own means, face up in future to the problem of their food security.

FOREIGN AND COMMONWEALTH SECRETARY'S SPEECH

Economic Integration

Addressing the Centre for Instruction and Study of the European Community in Milan, Sir Geoffrey Howe said that one of the first and enduring Community achievements had been the completion of the customs union and the presentation of a common and liberal tariff barrier to the outside world. Inside the barrier there was in theory a single domestic market, but in reality the British or the Italian home market and the Community internal market were different. Britain looked forward to the day when they would become one and the same thing and all non-tariff barriers between member states abolished in order to fulfil a central purpose of the Treaty of Rome.

Frontier formalities, for instance, could be made less complicated and costly, and financial services could be made freely available throughout the Community, as specified in the Treaty. 'All Europeans should be working to ensure that insurance services, for example, can be bought and sold freely between all Community countries, just like manufactured goods. These services would then be more competitive as well as cheaper.' European stock markets could also become more closely integrated and existing links developed with new technology. Collectively, they could be an important bridge between the Far Eastern and American markets, spanning the 24 hours of the broking day.

Sir Geoffrey pointed out that non-tariff barriers were a form of protectionism and that their removal would bring great advantages. In Britain, where competition had been introduced on air services between London and Scotland, total traffic had grown by 25 per cent. Likewise costs had been reduced as a result of some deregulation of air services between Britain and the Netherlands.[1] The opening-up of Europe's telecommunications to competition, as had been done in Britain (see p 453, 1984), would be a powerful incentive to greater efficiency. A collective European effort to liberalise was also required in two other areas, namely harmonisation of standards, which was especially important in new areas of high technology, and much greater acceptance throughout Europe of professional qualifications acquired in any member state.

All these measures to complete the internal market would benefit European workers, consumers and investors, and above all European firms. Significant economies of scale were possible in the Community, which was a large market of 270 million people (315 million after the entry of Spain and Portugal) with the biggest share – 20 per cent – of world trade. 'But to maximise them and to provide an industrial base comparable to that enjoyed by American and Japanese firms, the European market must be free of internal barriers. This will be bound to increase the efficiency and competitiveness of European firms.'

Industrial Collaboration

Another element in the economic construction of Europe, Sir Geoffrey continued, was industrial collaboration. Although the main role of governments was to create an environment in which firms could flourish, they needed to work together on research and development in the field of high technology where costs had become very high. 'Some projects are too expensive for any national industry to contemplate alone. We cannot afford the luxury of rivalry in developing several costly new systems in Europe, while America and Japan each concentrate on one system. . . . On the next generation of digital switching, Europe has had to invest far more than Japan, because our effort has been spread over more companies and systems'. There had already been some achievements, notably the ESPRIT programme (see pp 117–18, 1984), the JET nuclear fusion project, and the European Airbus. More could, however, be done to promote contacts and exchange of information between European manufacturers in all the new technologies, and a more liberal approach was necessary to spread the fruits of national research, in order to exploit them to the full.

Turning to the question of unemployment, Sir Geoffrey observed that it was the greatest challenge faced by Europe within its own borders. Europe had lagged behind the United States where, since 1973, a net total of 15 million additional jobs had been created, mostly in the service industries; in contrast total employment in the Community had fallen. There were no easy or quick answers to unemployment and each member state had the responsibility to liberalise its national market and to abolish restrictive trading practices at home. A better trading environment in the Community would also help foster economic growth and the profitability of companies, increase turnover and consumer choice, and enable firms to take on more labour in industry, services and tourism. Completion of the internal market would sustain economic recovery and those now out of work would be among the beneficiaries.

[1]During the last year Britain has concluded bilateral agreements with the Netherlands (see p 274, 1984), the Federal Republic of Germany and Luxembourg designed to liberalise aviation.

Community Spending

Sir Geoffrey stressed that the Community needed a more sensible spread of policies directly relevant to the requirements of highly advanced societies and that its resources should be spent both wisely and economically. Above all, the excesses of agricultural expenditure which absorbed 70 per cent of the total Community budget had to be tackled, since no member state could view with equanimity a situation in which expenditure on milk was over one-fifth of the total Community budget in 1984, and the Community's excess of production over consumption in 1983 was 15 per cent for cereals, 19 per cent for sugar and 27 per cent for milk and butter. Current surplus stocks included 1 million tonnes of butter, 800,000 tonnes of beef and 600,000 tonnes of milk powder. Agricultural expenditure had risen by 62 per cent in the past three years and the cost of the wine regime had risen 17 times over the last six.

Although expenditure on Mediterranean products had, in absolute terms, been lower than that on northern products, and Mediterranean farmers were entitled to a fair deal, so were the consumer and the taxpayer. 'The right way forward cannot therefore be to inflate spending on Mediterranean agriculture until it reaches the monstrous proportions of expenditure on northern products. Instead we must get a grip on the costs to the Community of Mediterranean agriculture and at the same time bring down the costs of milk, cereals and meat.' Under financial arrangements adopted in Dublin in December (see p 432, 1984) the European Commission and the Council of Ministers were responsible for setting agricultural prices within guidelines designed to ensure that they rose at a rate lower than the rate of increase in the Community's own resources. It was vital to stick to this in the 1985 price-fixing and the way would then be clear to develop more fully the non-agricultural policies that were so essential to the Community's future prosperity.

Sir Geoffrey emphasised the need for member states to take account of recent proposals by the United States administration to curb its domestic agricultural subsidies.[1] If the Community did not maintain a restrictive price policy, domestic pressure would build up in the United States for action against what opinion there would see as unfair competition in agricultural trade. 'Moreover we cannot ignore the possibility of lower world agricultural prices, either because of a fall in the dollar or because of changes in American policy. These would significantly raise the costs of the Common Agricultural Policy, unless in the meantime we had pursued a sensible pricing strategy of the kind I have outlined.' Even if the Community could afford the cost, the wider effects on international trade in agricultural products, and transatlantic relations in particular, would be serious. 'Controlling the costs of agricultural subsidies is literally vital to the long-term interests of the Community.'

European Monetary System

Sir Geoffrey said that the European Monetary System had worked well since 1979 and had promoted sound economic management and discipline in the countries which belonged to the exchange-rate mechanism. The British Government had followed a compatible if different route towards discipline which had been successful in bringing down inflation and promoting sound economic management. At present Britain did not wish to join the exchange-rate mechanism in such a way as to damage it. 'Changes or expected changes in the rate of the dollar, and, for that matter, in the price of oil tend to have effects on sterling which are different from those on the participating currencies. It is in all our interests to ensure that the entry of sterling should take place only in conditions in which it will promote greater stability both for the European Monetary System and for sterling itself. The present state of the markets, and of exchange rates in particular, makes this a difficult time to take such a step.'

Political Development

Sir Geoffrey pointed out that the Treaty of Rome had stood the test of time and that Britain welcomed practical proposals for further progress in European political construction. Greater use needed to be made of the Treaty provisions calling for majority voting, since striving to achieve consensus on all issues delayed progress. Although it was essential for each member state to have the ability to protect a very important national interest, this right should not be abused. 'We have proposed that any member state which feels a very important national interest to be in jeopardy should be required to explain fully why that national interest is at stake. The member state in question must be the judge of such interests, because only it can be. But it should have to explain its reasons formally, under a special procedure of the Council.'

On the role of the European Council Sir Geoffrey said that a sense of direction was an important part of generating political will. Instead of being obliged to take decisions which properly belonged to the Council of Ministers, heads of Government with the President of the Commission had to set collectively the goals for the Community, leaving the Council and the Commission responsibility and scope for exercising their respective functions. The European Council needed to establish a clear programme of future action, just as national governments did.

Britain wanted to see a strong, united and effective European Commission. The European voters had the right to expect a dedicated Community public service and were entitled to effective leadership from Commissioners who had to be able and experienced. Since such individuals deserved decent jobs, Britain did not believe that a Commission of 17 members after enlargement of the Community would be able to offer enough jobs commensurate with the talents of the Commissioners required. It therefore favoured a smaller Commission with one Commissioner from each member state and was prepared to give up its right to two Commissioners of British nationality (see p 97).[1]

As befitted a country steeped in parliamentary tradition, Britain wanted to see the directly elected European Parliament represent the authentic voice of European public opinion. Although its role was different from that of national parliaments, it was an indispensable element of the Community and the institutional links between the Council of Ministers and the Parliament needed strengthening. Improvements in the conciliation procedure between the two institutions would

[1]The United States administration is attempting to reduce agricultural spending as part of curbs on public expenditure.

[1]At present Britain, France, the Federal Republic of Germany and Italy each have two Commissioners, and the six smaller member states have one each.

add materially to the Parliament's institutional role. Britain wanted to see it improved and there were many ways of pursuing it. 'One is to make room for more discussion of broad policy and of specific legislative proposals between ministers and members of the European Parliament, before the views of the two institutions become too formed and thus more difficult to reconcile. This would lead to genuine give and take with each institution influencing the other. There ought also to be more effective follow-up action on parliamentary resolutions concerning issues within Community competence.'

Foreign Policy and Defence

Political co-operation on foreign policy issues was another vital element in the construction of Europe. Its development had been rapid and successful, and there was a regular exchange of information and harmonisation of policy between the ten member states' foreign ministries. Common positions were taken on the majority of important issues, thereby reflecting shared interests and objectives, and member states were moving in the direction of common action. 'Britain welcomes the further development of political co-operation, and is willing to see a formalisation of the procedures under which the Ten work. We are interested in this not for form's sake but for the practical benefits it should bring. Political co-operation must reach a higher level of achievement so that all our external instruments . . . are co-ordinated effectively. Political co-operation is a key element in the projection of Europe's influence world-wide.'

On defence, Sir Geoffrey said that all Europe's achievements would be in vain if common defence was neglected. Europe's distinctive contribution to the North Atlantic Treaty Organisation (NATO) mattered and was an essential element of keeping the transatlantic Alliance in good repair. European countries had to continue their work in NATO and were strengthening their practical co-operation in its Eurogroup. Britain also supported the revitalisation of the Western European Union (WEU – see pp 402-4, 1984) and regarded work in NATO, the WEU and in European Community political co-operation as complementary. For this reason Britain's large defence effort – over 5 per cent of gross national product and second in the Alliance only to the United States – was a contribution to European construction.

European Unity

Concluding, Sir Geoffrey said that Britain wanted to see unity within the Community and a Europe united as a single market and in its approach to external policy. It also wanted united action so that the Community would be seen by others as a cohesive political entity. Although Britain wanted a strong and united Europe, it had to be built one storey at a time and on solid foundations. 'That is why I believe that a first and essential step must be to agree on practical ways of applying those numerous parts of existing treaties and declarations which are still not being acted on.'

The results of the striving for European union would be important to all Europeans and this was why Britain had welcomed the establishment of the Dooge Committee (see p 97). The Community needed a thorough examination of the issues and the British Government looked forward to the widest possible measure of agreement. It had also welcomed the second committee on a people's Europe set up at Fontainebleau (see p 96).

Sir Geoffrey emphasised Britain's unswerving commitment to the Rome Treaty's call for an ever closer union among the peoples of Europe. The results of the Dooge Committee would be considered by the June meeting of the European Council in Milan, and Britain would do everything possible to support the Italian presidency in making 1985 a year of real achievement in constructing Europe.

Western Security and Nuclear Defence

Britain's views on the future strategic policy of the West in the light of the United States' Strategic Defence Initiative, a research programme on active defence in space against ballistic nuclear missiles, and on the project's relationship with the current policy of deterrence, were discussed in London by the Secretary of State for Foreign and Commonwealth Affairs, Sir Geoffrey Howe, on 15 March.

Speaking to the Royal United Services Institute Sir Geoffrey stressed that the Western Alliance had always emphasised its wholly defensive character, pledging itself not to use any weapons except in response to an attack.

In reviewing the options behind that strategy, Sir Geoffrey said that forty years ago the nature of warfare between major powers had been irrevocably altered, and, although the extent of this revolutionary shift in international affairs had taken a long time to sink in, it was now realised that the chief purpose of the military establishment was to avert not win wars. This was the core of the paradox of deterrence, namely how to manage the existence of nuclear weapons so as to ensure that they would never have to be used. Some had suggested that the West ought to surrender its own nuclear weapons and trust to the good intentions of the Soviet Union, a strategy which found little favour in the West and was apparently never considered by the East. A second alternative, a pre-emptive first strike, had been and was still rejected with equal firmness by the peoples and governments of the West. 'The remaining option – to maintain a level of forces, conventional and nuclear, which would present a credible defence against any attack and make aggression pay an unacceptable price – was the almost universal choice. Deterrence based on the whole spectrum from conventional to nuclear forces became the basis for the defence of this country and our allies.' Britain had supported this strategy and had enjoyed 40 years of peace. 'Rather than die by the nuclear sword, we have lived by the shield of deterrence.'

Twenty years ago, Sir Geoffrey said, the prospect of limited defence against the nuclear threat had begun to

emerge. Even the theoretical possibility of a successful pre-emptive attack had begun to disappear, technology having created forces capable of riding out a nuclear attack and with the ability to retaliate in a second strike. 'In addition, the concept that negotiations between adversaries could actually limit, and eventually reduce, the levels of forces on both sides – and thus enhance the stability of deterrence – assumed a new importance.' This had led to the Anti-Ballistic Missile (ABM) Treaty of 1972 between the United States and the Soviet Union, an historic agreement and the intended basis for the future strategic balance. As a result of this Treaty limiting active defence against the nuclear threat, the United States decided not to pursue any ABM development while the Soviet Union restricted its deployment to a limited protection of Moscow. The Treaty reflected agreement that there could be no winner in a nuclear conflict and that it was a dangerous illusion to believe that one could get around this reality. Together with the limits placed on the future expansion of nuclear forces by the first Strategic Arms Limitation Treaty (on this and the ABM Treaty see pp 251-5, 1972), the net effect was 'to eliminate the option of full-scale deployment of defensive systems, perceived in 1972 to be destabilising, costly and in any case ineffective, and to enhance the strategy of nuclear deterrence through the clear recognition of mutual vulnerability'.

As limits were placed on some elements of nuclear forces, however, others began to multiply. Over the past 15 years, Sir Geoffrey explained, the Soviet Union had been improving and modernising its strategic forces to a much greater extent than the United States, and it was currently developing a new generation of intercontinental ballistic missiles and sea-launched ballistic missiles, a new strategic bomber, and a complete new family of cruise missiles. As a result, while the United States perhaps retained a slight advantage in overall warhead numbers, the Soviet Union had more delivery systems, more warheads on its missiles, and nearly three times as much throw-weight. Since this build-up went beyond the reasonable requirements for the defence of the Soviet Union, the Alliance had felt compelled to take steps to modernise its own forces. However, despite the belated deployment of a limited number of cruise and Pershing II missiles (see pp 418-20, 1983), there was still a marked imbalance in favour of the Warsaw Pact in intermediate-range nuclear forces, with the continuing build-up of SS20 missiles being of particular concern. Major improvements were also being made in Soviet shorter range dual-capable systems and battlefield nuclear artillery.

New Strategic Options

In 1985 the Alliance was faced again with a range of options to preserve its defence into the next century, Sir Geoffrey said. To disarm would only rob the Alliance of the chance to negotiate balanced reductions with its adversaries, or to exploit the new advantages which technology might be able to offer. 'Alternatively, we could indulge in a new orgy of armament. This would mean seeking a dubious safety in levels of forces far above the minimum . . . necessary to prevent attacks upon us.' These two options had been rejected by the British Government. The third option was to 'maintain sufficient forces to deter any aggression against us and our allies; and to seek at the same time balanced reductions in these forces on both sides'. Deterrence had to remain credible, while the political, strategic and financial costs of maintaining such levels were reduced. Sir Geoffrey believed that present and planned US and NATO nuclear forces provided a stable balance of deterrence and would continue to do so. The Western modernisation programme was an essential factor in maintaining that balance: 'It is no good accepting the principle of deterrence and then failing to will the means needed to maintain the effectiveness of the deterrent.'

A fourth possible option had been introduced with President Reagan's Strategic Defence Initiative (SDI) which had focussed the strategic debate on new possibilities for active defence against the nuclear threat. Britain's approach to these new issues, Sir Geoffrey said, was to be found in the four points agreed to by the Prime Minister, Mrs Margaret Thatcher, and President Reagan during the Prime Minister's visit to Washington in December 1984 (see pp 11-12). These were that the West's aim was to maintain balance with, not superiority over, the Soviet Union; that SDI-related deployment would be a matter for negotiation; that the overall aim was to enhance deterrence; and that negotiations should aim to achieve security at a reduced level of offensive weapon systems. Discussing the President's vision that new technology might be able to create a comprehensive defence against nuclear attack, making ballistic weapons impotent and obsolete and freeing the world from the threat of nuclear annihilation for ever, the Secretary of State pointed out that this had always been recognised as subject to uncertainty and that the tentative nature of the venture had been acknowledged by the United States. However, the SDI project had made a decisive impact by focussing interest on military activities in space and on new weapons systems which could theoretically be deployed or aimed there, and had drawn attention to the very considerable research on defence measures in space being done by the Soviet Union. To ignore or dismiss the latter in any discussions of future Western strategy would be not only short-sighted but dangerous.

Military Activities in Space

In examining future activities in space, Sir Geoffrey said there was a need to distinguish between present military activities in space and those that could at some far-off point in the future achieve reality, and to keep in mind the key question of whether new developments would enhance or undercut deterrence. Of the existing military systems deployed in space by both sides, the communications and surveillance satellites of the West added significantly to the effectiveness and credibility of Western defences and thus to their deterrent effect, while re-usable launchers like the limited and vulnerable Shuttle posed no threat of aggression. However, it was necessary to ensure that the potential use of space for the delivery of nuclear warheads by ballistic missiles would always remain an unrealised potential.

With respect to the problem of anti-satellite systems, exacerbated by the Soviet deployment over the past decade of a limited capability, Sir Geoffrey believed that it would be a serious blunder if the West allowed the Soviet Union to continue to enjoy its present monopoly. The United States' intention to balance the

established Soviet capability was logical and prudent. On the other hand, the West had to recognise its heavy dependence upon the existing utilisation of space technology and particularly upon satellites for intelligence purposes. Further, the prospect, at a time of crisis, of either side being faced with the loss of its strategic eyes and ears would be gravely destabilising. While the West, therefore, had to strive to make its satellites less vulnerable, there could be equally good grounds for negotiating constraints upon elements of anti-satellite activity. Britain welcomed President Reagan's readiness, expressed at the United Nations in September 1984, to consider mutual restraint while the US-Soviet negotiations explored possibilities for concrete agreements.

Another factor that had to be recognised was the linkage between the development of anti-satellite capabilities and the potential development of defences against ballistic missiles. It had been argued that, by imposing constraints on anti-satellite activity, decisions on the development of ballistic missile defences would be pre-empted before they could be properly considered. Sir Geoffrey, however, pointed to the different time scales involved. The Soviet Union was already deploying a low-altitude anti-satellite system and the United States was in the middle of a successful testing programme. In contrast, any development beyond the research stage of defences against ballistic missiles, the most immediate nuclear threat, was very many years away. Believing that a successful agreement imposing mutual constraints on anti-satellite systems could have a helpful impact over a period of years, the British Government took the view that the opportunity had to be taken now if it was in the Western interest. If necessary, to avoid prejudging the future, agreement could be limited to a fixed period.

Defence and Deterrence

Turning to the longer-term issue of deploying active defences in space aimed at destroying enemy ballistic missiles, Sir Geoffrey pointed out that the SDI was a research programme conducted in full conformity with the limits of the ABM Treaty, and one, as the United States recognised, where the answers were far from certain. Since a balance had to be maintained between US and Soviet capabilities in research, there was a clear need for the United States to match the present stage in Soviet programmes. 'It is for this reason that the Prime Minister has repeatedly expressed our firm conviction that US research should go ahead.'

In assessing the case for proceeding from research to development the West would have to consider some very basic questions about the future nature of Western strategy. In particular it would need to consider how best to enhance deterrence and how best to curb rather than stimulate a new arms race, judgements that would depend only partly on technical assessments. The wider strategic implications had also to be weighed before moving down the defensive road. Sir Geoffrey did not believe that the West could afford to wait for the results of the research before addressing the strategic concerns: 'The history of weapons development and the strategic balance shows only too clearly that research into new weapons and the study of their strategic implications must go hand in hand. Otherwise, research may acquire an unstoppable momentum of its own, even though the case for stopping may strengthen with the passage of years. Prevention may be better than later attempts at a cure. We must take care that political decisions are not pre-empted by the march of technology, still less by premature attempts to predict the route of that march.'

The questions involved were complex and difficult, Sir Geoffrey continued. There would inevitably be risks in radically altering the present basis for Western security, but would these be offset by the attractions of adopting a more defensive posture, though this might prove to be only a limited defence against weapons of devastating destructive force? Further, could such a change be managed without generating dangerous uncertainty? President Reagan, Sir Geoffrey added, had acknowledged that a mix of offensive and defensive systems could be viewed as fostering an aggressive policy, and it was possible that the establishment of limited defences would increase the threat to civilian populations by stimulating a return to the targeting policies of the 1950s. Most fundamentally, would the technology actually work and be survivable and cost-effective? The Secretary of State continued: 'It would be wrong to underestimate the enormous technological expertise and potential of the United States; but, as we all recognise, there would be no advantage in creating a new Maginot Line of the twenty-first century, liable to be outflanked by relatively simpler and demonstrably cheaper countermeasures. If the technology does work, what will be its psychological impact on the other side? President Reagan has repeatedly made it clear that he does not seek superiority. But we would have to ensure that the perceptions of others were not different.'

Other questions which had to be faced included the chance that there would be no outright winner in the arms race; whether such protection could be extended against the non-ballistic nuclear systems, aircraft, cruise missiles, or battlefield nuclear weapons; and whether other defences in addition to space-based systems would need to be developed, and at what cost. Further, if it was initially proved feasible to construct only limited defences, these would be bound to be more vulnerable than comprehensive systems to countermeasures, and other defences such as mobile and under-sea forces might be a better way of protecting key military installations. Finally, there was the question whether the new systems would permit adequate political control over both nuclear weapons and defensive systems, and thus avoid a situation in which the peace of the world rested solely upon computers and automatic decision-making.

As to the cost involved, Sir Geoffrey said that the financial burden of developing and deploying defences went far beyond the additional cost of providing defences against the non-ballistic missile threat. It was not only a question of whether the West could afford active defences against nuclear missiles, but whether the enormous funds involved might be better employed to improve the West's capability to oppose a potential aggressor with a credible, sustainable and controllable mix of conventional and nuclear forces. 'In short, how far will we be able to impose new burdens on defence budgets already under strain? And what would be the effect on all the other elements of our defences, on which Western security will continue in large part to depend?'

Arms Control Implications

The implications for arms control had also to be considered, Sir Geoffrey said. 'Would the prospect of new defences being deployed inexorably crank up the levels of offensive nuclear systems designed to overwhelm them? History and the present state of technology suggest that this risk cannot be ignored. Or could the same prospect – the vision of effective defences over the horizon – provide new incentives to both sides to start at once on reducing their present levels?'

The ABM Treaty represented a political and military keystone in the still shaky arch of security constructed with the East over the past decade and a half. To go beyond research into defensive systems would be inconsistent with the terms of the Treaty, hence the US-British agreement that any deployment would be a matter for negotiation. Britain also attached importance to convincing the Soviet leadership that the West was serious in its aim of maintaining strategic stability at significantly lower levels of nuclear weapons. 'We do not want to give them the impression that we have something else in mind. We are serious about arms control. And we must be seen and heard to be so.'

In considering the potential consequences for the Alliance, members of NATO had to be sure that the US nuclear guarantee to Europe would be enhanced as a result of defensive deployments, not only at the end of the process but also from its very inception. Throughout, all the Allies had to be able to share the same sense that the security of NATO was indivisible; otherwise the twin pillars of the Alliance might begin to fall apart. While welcoming any cost-effective enhancement of deterrence to meet palpable weaknesses on the Western side, the Alliance also had to consider possible offsetting developments on the Soviet side should unconstrained competition on ballistic missile defences beyond the ABM Treaty be provoked.

Conclusion

The fact that there were no easy answers, Sir Geoffrey continued, underlined the importance of proceeding with the utmost deliberation. Four clear points emerged, however. First, that nuclear deterrence should not be abandoned until it was certain that peace could be preserved by other means. Second, to be careful not to raise hopes that may be impossible to fulfil. Words and dreams could not themselves justify the belief that a better system than nuclear deterrence is within reach at the present time. Third, any deployments of space-based or other defences had to be a matter of negotiation. Sir Geoffrey welcomed the United States' view that deployments would need to be embarked upon in an arms control context. And fourth, the linkage between offensive and defensive systems. 'If defensive systems are to be deployed, they will be directed against the then levels of offensive forces. If the latter can be lowered dramatically, then the case for active defences may be correspondingly strengthened. Conversely, radical cuts in offensive missiles might make the need for active defences superfluous. Equally, the effectiveness of defences will be directly governed by the numbers of missiles and warheads which they are intended to destroy. If the levels rise dramatically, then the effectiveness of defences may not be adequate.'

Chemical Weapons

A system of routine inspection designed to prevent the misuse of civil chemical facilities for the manufacture of chemical weapons was proposed in Geneva on 12 March by Mr Richard Luce, Minister of State at the Foreign and Commonwealth Office, in an address to the Conference on Disarmament. The British plan makes specific proposals for inspecting industrial plants making or holding substances identified as posing a high risk to a convention banning the production of chemical weapons.

Minister of State's Speech

Mr Luce said that the revival of the talks on nuclear disarmament between the United States and the Soviet Union had vindicated Britain's consistent view that serious negotiation was needed if arms control and eventual disarmament were to be achieved. Although the primary responsibility for these negotiations fell on the United States and the Soviet Union, the two powers possessing the overwhelming preponderance of nuclear weapons and by far the greatest capability for the military use of space, all countries had a vital interest in seeing a successful outcome to them. Full advantage had to be taken of the renewed willingness now existing to address seriously those issues whose resolution could lead to verifiable arms control and disarmament. The British Government saw the different arms control and disarmament fora as parts of a complex, interlocking whole, each complementing the others in the common quest under the United Nations Charter to save succeeding generations from the scourge of war. Whatever the fora, the minister explained, the most important thing was 'to achieve results that will contribute to the security of all peoples'.

Chemical Weapons

Mr Luce said it was on chemical weapons where most progress had been made at the Conference, the *ad hoc* committee on chemical weapons in its 1984 annual report having identified encouraging areas of common ground. However, Britain had hoped that more progress could have been made. The 1925 Geneva Protocol had been and was still of inestimable value to mankind: 'There is, however, a generally recognised and increasingly urgent need for this existing prohibition of the use of chemical weapons to be supplemented and buttressed by a total ban on all elements of chemical warfare including development, production and stockpiling of these appalling weapons.' Moreover, there was a major and growing imbalance between East and West, for, although Britain had given up all of its chemical weapons 25 years ago, and the United States had produced no new chemical weapons since 1969, the Soviet Union had neither abandoned chemical weapons nor stopped producing them. 'On the contrary, it has relentlessly built up larger stockpiles than any other country. Those stockpiles now comprise over 300,000 tons of lethal chemical warfare agents, and they are still growing. We therefore face a specific and worrying threat from an existing capability to wage chemical warfare.'

Recent events had demonstrated that no part of the globe was free from the threat of chemical weapons.

There were continuing reports of their use in South-east Asia; and, following the confirmation in March 1984 that they had been used in the Gulf war, the British and other Western governments had imposed export controls on certain chemicals which could be misused to make weapons. There was a danger that countries would proceed to chemical rearmament unless swift progress towards a comprehensive ban was made, and Mr Luce appealed to the Conference to make an urgent and concerted effort to conclude such a ban.

Mr Luce pointed out that a lot of work had to be done, especially in the vital field of verification, to provide assurance to each party that the convention was being complied with. The British Government believed that confidence in the convention as a whole had to be sustained by confirmation of several mutually reinforcing systems of verification. Noting that it was agreed that assurance of compliance had in the last resort to be provided by a system of factfinding, including on-site inspection on request, Mr Luce said that it was also accepted that this form of challenge inspection could only be a safety net. 'The vast majority of inspections – indeed, we must hope the totality of inspections – should be carried out by routine and regular means. . . . This systematic routine supervision, including continuous on-site inspection, must cover the destruction of stockpiles and dismantling of chemical weapons factories.' It was also agreed that a permanent system of routine inspection was required for those sectors of the chemical industry making substances that could be diverted to the illicit manufacture of chemical weapons. In 1983 Britain had tabled detailed proposals asking other delegations to provide data on the production of certain chemicals (see pp 126-7, 1983), and, on the basis of the results, had presented another paper in July 1984 classifying chemical warfare agents and their precursors according to the perceived risk they would pose to any convention (see pp 79-80, 1984).

New British Initiative

Mr Luce presented to the Conference a working paper, built on previous British papers and the relevant section of a draft convention submitted by the United States in April 1984. The British paper made specific proposals for a system of routine inspection of industrial plants making or handling substances identified as posing a high risk to a convention. It also contained specific proposals for an international exchange of data on the production and transfer of a wider range of substances, some of which had actually been used as chemical warfare agents. In Britain's view, the paper offered a firm basis for a system of verification of non-production of chemical weapons which would complement the system of challenge inspection. Moreover, by creating a situation designed to give rise to the minimum of suspicions that a party was misusing its civil chemical facilities for the manufacture of chemical weapons, it would ease the burden on the system of challenge inspection. Mr Luce added that challenges should be very few and far between: 'The fewer and the further apart, the better for the convention. And the more robust the routine inspection regime, the less need to invoke the challenge procedures.'

Mr Luce emphasised that it was not the British Government's intention to hinder the manufacture or use of chemicals for civil, peaceful purposes; its sole aim was to provide confidence that no party could exploit its civil chemical industry for the clandestine production of chemical weapons. The Government's proposals which had been discussed with the British chemical industry took account of the need to ensure adequate verification without compromising commercially confidential information or hampering industrial activity.

Welcoming comments from other delegations on the British paper, Mr Luce said: 'We do not claim to have in this paper the final answer. Nor are we interested in quick-fix solutions. In 1985 let us test to the full our capacity to address and resolve the hardest issues of verification. . . . I believe that this is a goal within our reach in this Conference. The dangers are great. Together we should make every effort to achieve a ban now.'

Human Rights

The need for all countries to observe the United Nations Universal Declaration on Human Rights was stressed by Britain at the first Council of Europe Ministerial Conference on Human Rights held in Vienna on 19 and 20 March.

The purpose of the Conference was to evaluate and consolidate the work of the Council of Europe in the field of human rights. Britain signed the 8th Protocol to the European Convention on Human Rights, which introduces improvements in the procedures of the European Commission on Human Rights with a view to reducing delays, and will play a full part in examining the possibility of further improvements to the Convention's system of control.[1] During the Conference, ministers from the 21 member states examined three issues: the functioning of the institutions of the European Human Rights Convention; the role of the Council of Europe in the further realisation of human rights; and the challenge to human rights posed by recent developments in science and technology. The Conference also issued a Declaration on Human Rights in the World at Large.

Britain was represented at the Conference by the Solicitor-General, Sir Patrick Mayhew, and by the Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs, Mr Timothy Renton.

[1]Drawn up within the Council of Europe, the European Convention on Human Rights was signed on 4 November 1950 and came into force on 3 September 1953. The organs created by the Convention are the European Commission and Court of Human Rights, which have their seat in Strasbourg. The Commission may receive petitions from a contracting party alleging violations of rights and freedoms set forth in the Convention by another contracting state and has mainly a mission of inquiry and conciliation. If no friendly settlement has been reached on the basis of respect for human rights, the Commission formulates a legal opinion and, as regards the subsequent procedure, has the right, along with the states concerned, of referring the case to the Court. The Court is competent to take a judicial decision, which is binding on the parties to the action, on whether in a given case the Convention has or has not been violated by a contracting state. In cases which are not brought before the European Court, the Committee of Ministers of the Council of Europe may be called upon to act.

Declaration on Human Rights

The Declaration on Human Rights in the World at Large reaffirmed the Council of Europe's continuing commitment to respect for human rights and fundamental freedoms. The Declaration welcomed the continuing efforts made by member countries for the full realisation of human rights on a world-wide, regional and national level, but deeply deplored the fact that widespread and serious violations were nonetheless continually occurring in many parts of the world. Any credible policy for the protection of human rights had to be firm and consistent and neither be made to serve other purposes nor be selective. The Conference appealed to all states to comply fully with their international obligations for the protection of human rights and fundamental freedoms and to work jointly to put an end to human rights violations throughout the world. Member nations agreed to support and to play an active role in the standard-setting work of the United Nations with a view to securing the unity and universality of international standards of human rights as well as promoting their effective implementation. In addition, the Conference appealed to all states to become parties to the international instruments in the field of human rights, in particular, the International Covenants on Economic, Social and Cultural Rights and on Civil and Political Rights and the UN Convention, adopted in 1984, designed to protect people from torture and other cruel, inhuman or degrading treatment or punishment.

The Conference declared the member states' intention to co-operate within the United Nations in examining the possibility of establishing the post of a UN Commissioner for Human Rights and in the elaboration of an optional protocol to the International Covenant on Civil and Political Rights aimed at curbing the imposition of the death penalty.

Britain's Views

Addressing the Conference on the issue of human rights, Mr Renton said that the notion of basic civil and political rights was central to Western political thought, and in recent years had established itself throughout the world as an ideal to strive for. The United Nations Universal Declaration of Human Rights[1] set high, but attainable, standards and its acceptance by so many countries with traditions and practices alien to the Western democratic tradition was an achievement not to be underestimated. Yet the area of the world where fundamental human rights were observed in practice was sadly narrow, and probably receding. It was a tragic fact that the 21 members of the Council of Europe represented by far the largest group of individual countries where the individual could be confident of his basic human rights.

It was the duty of the European countries, Mr Renton continued, to set the highest attainable standards. They should also work together to improve the human rights machinery established by the Council of Europe and Britain therefore welcomed the opportunity of signing Protocol 8.

Human Rights in Europe

Analysing the means whereby the Council of Europe countries could exert influence on regimes in Europe where basic civil and political rights were abused, Mr Renton stressed the responsibility of member states to work for improvements through the Conference on Security and Co-operation in Europe (CSCE). The Helsinki Final Act (see pp 307-12, 1975 and pp 324-9, 1983) had represented a landmark in the relations between East and West and a profoundly important statement of political intent and commitment entered into by the 35 participating states of the CSCE. Its commitments were wide-ranging and of great significance, covering amongst other things respect for freedom of thought, conscience and religion. 'This gives us the duty to draw attention to failures by the Warsaw Pact countries to implement these provisions, and to press for better performance. We should do so patiently but not provocatively, both bilaterally and through the CSCE process.'

Speaking of the preparations for the six-week CSCE Expert Meeting on Human Rights and Fundamental Freedoms to be held in Ottawa in May, Mr Renton said that the meeting would both look back, at the extent to which existing commitments were being respected by the participating states, and look forward by producing recommendations to governments and eventually to the 1986 CSCE Review Meeting in Vienna. Britain attached very great importance to the humanitarian elements of the Helsinki process and wanted a businesslike and productive meeting which did not flinch from reality but explored every opportunity to achieve results.

Emphasising the importance of basic individual human rights, Mr Renton argued that political dialogue with all members of the Warsaw Pact, at all levels, not only provided the opportunity to speak frankly about these and other Western concerns, but could also help to generate the greater confidence and trust that helped states both to admit and to remedy their failings. This better understanding could and should be mutual but it should never lead to compromise on certain basic issues. The most basic point of all, for the West, was that rights pertained to the individual. The 'collectivist' concept of human rights expounded by many oppressive regimes in the East and elsewhere was profoundly alien to European history, philosophy and tradition and had, as a matter of practical experience, been pernicious in its effects. 'The clear vision of human rights and freedoms enshrined in the Universal Declaration and in the European Convention should not be obscured by such doubtful ideas masquerading as further "rights". Once the idea of "peoples'" rights gains legitimacy, it is only a small step to accepting that the individual's basic civil and political rights have to be sacrificed to the higher collectivist good as defined by a totalitarian regime.'

Human Rights outside Europe

The Council of Europe member states had an important role to play in helping to secure respect for basic human rights outside Europe and outside the framework of the CSCE, Mr Renton told the Conference. A sympathetic understanding of other cultural traditions, particularly those based on fundamentally different religious beliefs from those of Europe, was important. But this was not to say that differences in cultural perceptions could be allowed to excuse violations of human rights, which were the irreducible heritage of every individual of whatever culture or ideological background. When trying to influence countries whose history was outside the Western liberal tra-

[1]Adopted by the UN General Assembly on 10 December 1948.

dition, Britain believed it was important to emphasise the universality of human rights standards and not their Western origin.

It was for this reason that a good deal of Britain's effort towards improving human rights in other countries was conducted through the international fora provided by the United Nations, which mobilised the broadly based expressions of concern of the international community. Referring to Britain's contribution to the work of the UN Commission on Human Rights, he cited what had been largely a British initiative, namely the setting-up of a working group on the problem of 'disappearances', which aimed to establish the facts of individual cases and inform relatives.[1] This was unspectacular humanitarian work, he said, but it required the co-operation of governments and made a real contribution to the relief of suffering – even to the saving of lives.

There was much to be done in the UN Commission, Mr Renton said. Above all, the Council of Europe countries had to ensure that the Commission remained a forum where debate was focussed on genuine humanitarian issues and not on sterile political debate. 'The oppressed of the world expect no less of us.'

Summarising Britain's views on the problem, Mr Renton said that, in looking for improvements in the observance of human rights, the member states had a number of instruments at their disposal – instruments to be employed selectively, depending on the regime and the case in question. They were: bilateral persuasion, with the emphasis on 'persuasion' since public condemnation or threat would rarely prove to be the most effective means; representations by the ten members of the European Community, who had a well-established record of action in this field; and the application of the moral pressure of the international community through the United Nations and through the Council of Europe itself.

Britain fully shared the Council's commitment to improvements in human rights. The process of working for improvements was undramatic, slow and subject to setbacks, but it was not a wasted effort. The sheer scale of human rights abuses in the world presented appalling evidence of what man was capable of doing to his fellow man. 'The bravery of those who will suffer rather than compromise their freedoms and their beliefs must inspire us to keep faith with them.' Human rights work was one of the most fruitful and essential areas of the Council's activity and represented a common cause for all member states. With its large and varied membership, united in their democratic credentials, the Council was well placed to exert influence with its declarations on human rights matters.

Emergency Aid to Africa

Britain has told the United Nations Conference on the African Emergency, held in Geneva on 11-12 March, that it will provide at least £60 million in relief aid for Africa in 1985-86 and that these funds will be additional to the £125 million already planned to be spent on longer-term aid in the 20 African countries most directly affected by famine.

[1]The UN Working Group on enforced or involuntary disappearances was established by the Commission on Human Rights in 1980.

The United Nations Conference was attended by representatives from 125 states and was convened by the Secretary-General to launch an appeal for some $1,000 million of additional funds needed to meet the urgent need of 20 drought-stricken African countries. All donor countries made statements about the aid which they expected to make available to Africa in 1985; 5·5 million tonnes of food aid were firmly pledged by donors and 945,000 tonnes were provisionally pledged, making a total of 6·445 million tonnes.

Britain was represented by the Minister for Overseas Development, Mr Timothy Raison, who addressed the Conference and, later, the House of Commons on Britain's response.

Mr Raison's Speech to the Conference

Addressing the Conference on 11 March, Mr Raison recalled his recent visits to Ethiopia and Sudan and referred to the 'pitiable conditions in which so many of our fellow human beings are living in the drought-ridden countries south of the Sahara.' He drew attention to the conditions prevailing in the areas worst affected by the drought and praised the efforts of all those involved in the famine relief operations from both the countries concerned and overseas. The conference paper, which described the needs of the countries as assessed by the various UN agencies and representatives, was welcomed by Britain as the basis for a badly needed survey of the situation and a justification of the setting-up of the Emergency Office and its co-ordinating role. Britain with the rest of the international community had over the last two years done its best to respond to the needs of the African countries as they arose, but recognised the need for improved field observation and reporting in order to reduce the effect of the uncertainty of the weather and the persistent droughts.

Emergency Aid

In the two years ended October 1984, the British Government had committed over £15 million to relieve the victims of the Ethiopian famine and a further £34 million since then as the full scale of the tragedy became apparent (see p 18). In the financial year ending 31 March 1985, over £90 million had been committed to the relief of suffering and famine in Africa, over half of this being channelled through the European Community. In addition, following television coverage of the famine in Ethiopia, the British public had given at least £50 million for relief supplies and expected the Conference to deal with the real human need by helping those directly affected by famine and by making future famines of this kind less likely.

The British Government expected to spend at least £60 million on emergency aid for Africa in the financial year starting 1 April, Mr Raison told the Conference. A minimum of £30 million would be provided as British bilateral emergency aid with a similar amount channelled through the European Community. In support of the European Council's pledge made in Dublin last December (see p 18), Britain would be supplying bilaterally 110,000 tonnes of food aid to the most

severely affected countries in Africa during 1985: some 25,000 tonnes of this had already been delivered to Ethiopia and Sudan and a further 30,000 tonnes would reach Sudan in time for distribution before the rains came. Britain hoped that food pledged could be delivered promptly to those people who needed it. Britain had already helped to reinforce critical supply links through the Royal Air Force airlift, by improving the port facilities at Assab and Port Sudan, and by providing Land Rovers for relief personnel and relief distribution (see p 408, 1984), and was prepared to give more help of this kind. The emergency aid would be in addition to the £125 million of longer-term aid Britain planned to spend directly on the 20 African countries identified by the United Nations as those most seriously affected.[1]

Food Aid

An important element of supplying aid for famine relief, Mr Raison emphasised, was the need to examine the relationship between the total supply of food in a country and the risks of famine as a result of drought. There were four important aspects to be considered: the relationship between food imports and all imports; the need for food security systems; the importance of incentives and improved services to farmers to stimulate their own production; and the effect on food demand of a rapidly growing population.

Food imports were needed largely to feed the growing urban populations, for farming communities were left broadly to get by on their subsistence crops, livestock and income from wage employment where possible. In these circumstances, providing aid in the form of food had no greater validity than providing other much-needed imports such as spare parts, petroleum and fertiliser. The recent appalling famines had occurred at a time when the provision of food aid of all kinds had reached record levels, donors providing 10 million tonnes in 1984. Moreover, food aid was not only expensive but its prospect, or arrival at the wrong moment, could badly interrupt moves to improve domestic production. It was Britain's view that food aid should now be concentrated on those countries where the rural communities were suffering and not where food aid was just one particular form of general payments or budget support.

Referring to the difficulties of transportation and of ensuring that food was distributed so as to reach those most in need, Mr Raison said that experience had shown that state-controlled monopoly marketing arrangements rarely worked efficiently. Similarly, if all trade was left with private management with no controls on grain movement in or out of the country, it was impossible for the local authorities to deal adequately with a crisis. Some intermediate system was needed and Britain, with the support of other donors, was already helping one of the worst-affected countries, Mali, to work out a system of this kind.

Even the worst-affected and drought-prone countries had some possibilities for local food production, Mr Raison continued. 'So it is vital that farmers should be given proper incentives and efficient services to allow them to do their utmost to grow a surplus for sale or storage.' The peasant farmers of Zimbabwe had demonstrated the validity of this basic truth by producing 40 per cent of all marketed cereals in spite of the drought. 'I am convinced that better incentives and a greater share of public resources for the individual peasant farmer, together with much more freedom to market grain between provinces, could make an immediate impact on production if announced before the next planting season.'

Mr Raison underlined the need to address the implications of annual population growth rates of over 3 per cent in those African countries listed in the conference paper: 'We can see for ourselves that growing population leads to cultivation of more marginal land, where the risks of drought and crop failure are high. It leads to deforestation as bush and tree are cut and burned for farming or firewood. And it puts huge strains on limited government budgets, which cut down what they can invest in improving agriculture.'

Reiterating the need to concentrate on underlying development problems and calling for increased donor co-ordination, Mr Raison noted the work already being undertaken following the appointment of Mr Kurt Gunnar Jansson as Assistant Secretary-General for Emergency Operations in Ethiopia (see p 18).

House of Commons Speech

Having outlined Britain's response to the African emergency in a speech to the House of Commons on 22 March (*Hansard*, Vol 75, No 86, cols 1150-6), Mr Raison drew attention to the disappointing economic performance of many African countries. Their governments had pursued policies that had contributed to poor economic performance and had made it more difficult for them to cope with the external difficulties which they faced. However, over the past two or three years, these governments had begun to recognise the need for changes in policy, he said. Against this background Britain strongly supported the idea of an improved dialogue between aid donors and the governments of the developing countries, this having been a significant element in the recently negotiated third Lomé Convention (see p 441, 1984). Aid was an important element in the development process and could be effective where there was a partnership between donor and recipient to pursue agreed objectives. The World Bank was playing an important part in bringing about the strengthening of donor co-ordination, and some countries had come to agreements with the International Monetary Fund (IMF) on measures to improve their fiscal and balance of payments situations and with the World Bank on measures necessary for long-term development. If they were to succeed, it was important for donors to provide aid in forms, and for purposes, which would complement those measures. 'That is why we have been increasingly prepared to provide aid for essential imports of spare parts and other maintenance goods for key sectors of the economy where the IMF and World Bank-led adjustment programmes are being pursued.' Britain fully supported the Bank's initiatives in Africa and had already pledged £75 million of untied bilateral aid to be used in close association with its Special Facility for Africa, aimed at encouraging economic reform.

Britain welcomed the United Nations water decade (see p 360, 1980), Mr Raison continued, and was currently contributing, under bilateral aid arrangements, £102 million towards the cost of 73 drinking-water and sanitation schemes in 35 developing countries. Underlining the importance of trade, Mr Raison

[1]This does not include the £75 million pledged in support of the World Bank's new Special Facility for Africa (see p 74).

said that Britain took the view that sustained economic growth by the industrial countries was a crucial factor in stimulating international trade and improving commodity prices. It was essential that this process was not jeopardised by protectionist pressures; the European Community provided freer access to developing countries' exports than any other industrialised country or group of countries. Britain also strongly supported calls for a new round of trade liberalisation negotiations through the General Agreement on Tariffs and Trade.

Turning to the question of agriculture, Mr Raison denied that developing countries were exploited by the West encouraging them to grow agricultural crops for export. The main problem in Africa was not that cash crops had replaced food crops but that both had performed badly in recent years. Africa had the capacity, the potential and the fertility to produce both. One of the key ingredients of achievement in agriculture had to be the existence of better incentives for farmers to produce more, and it was also important to improve local and national marketing and storage arrangements. High-quality agricultural research and manpower assistance were other essential areas where the British Government could and did contribute a great deal, both by sending out experts and trainers to the countries concerned and by welcoming people to Britain for training. Within this policy, an estimated £267 million, 26 per cent of the total aid programme, was spent in 1983 on agriculture and related activities; in sub-Saharan Africa this proportion was higher – 33 per cent of bilateral aid and 24 per cent of multilateral contributions.

Concluding, Mr Raison said: 'We spend over £200 million a year bilaterally on development in sub-Saharan Africa and we play our part in the multinational effort as well. In some cases – for example Ethiopia – our development contribution may well be largely provided through our share of Community and World Bank funds rather than bilaterally. But our bilateral commitment to Africa will have a high priority, as indeed it should.'

Lebanon

Following the recent increase in the number of violent incidents in southern Lebanon as the Israeli Defence Forces withdraw to Lebanon's international boundaries, Britain has reaffirmed its continuing commitment to finding a peaceful diplomatic solution in the search for national reconciliation in Lebanon.

Background

On 14 January, the Israeli Cabinet announced its decision that the Israeli Defence Forces, which had been occupying part of Lebanon since Israel's invasion of June 1982 (see p 406, 1984), were to begin a full three-stage withdrawal from the country. The first phase of the withdrawal plan was initiated on 20 January and has continued since then. In view of the escalation of violence in the area during this period, the United Nations Secretary-General, Señor Javier Pérez de Cuéllar, issued a statement on 27 February which observed that since early February, a new situation had developed in southern Lebanon; apart from the restrictions imposed upon the civilian population by the Israeli occupation, an increasing number of attacks on Israeli forces by Lebanese resistance groups had led to a series of strong Israeli countermeasures including cordon and search operations.

Security Council Debate

In response to a request from Lebanon, the United Nations Security Council met on 28 February to discuss the deterioration of the situation in the areas occupied by Israel in southern Lebanon. A draft resolution, sponsored by Lebanon, was presented to the Council and called for strict respect for the sovereignty, independence, unity and territorial integrity of Lebanon. It demanded the urgent implementation of the Security Council provisions regarding Lebanon and the immediate and unconditional withdrawal of all Israeli military forces to the internationally recognised boundaries of Lebanon. In addition, it affirmed that the provisions of the Fourth Geneva Convention of 1949 applied to the territories occupied by Israel in southern Lebanon, the Western Bekaa and the Rashaya district and that the occupying power was duty bound to uphold them and all other norms of international law. The draft urged the Security Council to condemn Israeli practices against the civilian population in these areas, which were in violation of the rules and principles of international law, and to demand that the Government of Israel desist immediately from such practices and lift all restrictions and obstacles to the restoration of normal conditions in the areas under its occupation. On 12 March, the Council voted on the draft resolution; it was supported by 11 countries, but was not adopted by the Council, because the United States, with the power of veto, voted against. Britain, Australia and Denmark abstained.

Britain's Views

After conveying Britain's dismay at the recent violent developments in southern Lebanon, Britain's Deputy Permanent Representative at the United Nations, Mr Peter Maxey, reminded the Council on 7 March that the present situation had long been predicted and that responsible people had made a considerable effort to avert it. He recalled the Secretary-General's warning in October 1984 that at that time, a relatively favourable situation existed for securing the withdrawal of Israeli forces and that another opportunity might not present itself again in the near future. Mr Maxey pointed out that the Secretary-General's warning of 'disastrous consequences' had proved all too regrettably correct and that, instead of agreed arrangements for a peaceful and orderly Israeli withdrawal, increasing violence and bloodshed were now being seen. He reiterated Britain's deep concern for the civilian population of Lebanon who had suffered grievously from continual violence over many years. Their longing for a return to peace and normality deserved the full sympathy of the Council. Mr Maxey referred to the Secretary-General's statement of 27 February and, in response to the accounts of the conflict given by both the Lebanese and the Israeli representatives to the Council, he said: 'The full facts are not yet known, but we cannot but express our deep concern over this new twist to the cycle of violence in southern Lebanon'.

Britain's views were clear, he said; the Government had condemned Israel's invasion in June 1982 and had called for the early, complete and orderly withdrawal of all Israeli forces to the south of Lebanon's international border. 'We have called for the early withdrawal of all foreign forces from Lebanon except those present at the request of the Government of Lebanon. The sovereignty, unity, independence and territorial integrity of Lebanon within its internationally recognised boundaries must be strictly respected.' Britain had also stressed the importance of the Israeli occupying forces' scrupulous adherence to international conventions on humanitarian law applicable to armed conflicts. In particular they had to respect all the provisions of the fourth Geneva Convention of 1949 relative to the protection of civilian persons in time of war. Such security measures as Israel might find it necessary to institute should be designed to have the minimum effect on the lives of local inhabitants and had to be strictly within the framework of the fourth Geneva Convention.

It was incumbent on Israel and all others concerned to show full respect for and to co-operate with the United Nations Interim Force in Lebanon (UNIFIL – whose mandate was extended by the UN Security Council in April by a further six months). Britain shared the Secretary-General's concern in this respect together with his view that UNIFIL should continue to perform its present functions. Mr Maxey expressed the Government's regret at the recent reports of incidents involving the French contingent and stressed Britain's appreciation of the steadfast efforts made by the French contingent and the other officers and men of UNIFIL to prevent violence and protect civilians under difficult circumstances.

Recalling efforts made by the Secretary-General, with the support of the British and other governments, to find a mechanism to avert the present violent situation, Mr Maxey reaffirmed Britain's conviction that given the necessary will and determination on all sides, a diplomatic solution could still be found. He called for the co-operation of the governments concerned with the Secretary-General and for a resumption of talks between Israel and Lebanon. Everything possible should be done to ensure that the withdrawal of the remaining Israeli forces was orderly and co-ordinated. 'The machinery of the United Nations, including UNIFIL, can play an important role in assisting this process. In the meantime all concerned need to exercise maximum restraint so as not to impede complete Israeli withdrawal.'

In a second speech to the Council on 12 March, Mr Maxey gave an explanation of Britain's decision to abstain from the vote taken on the Lebanese draft resolution. Britain strongly supported a number of elements in the draft resolution, in particular, those relating to the complete withdrawal of Israeli forces and to the territorial integrity of Lebanon. The draft resolution, however, he said, took insufficient account of the need to dampen the cycle of violence in the area and to promote the peaceful diplomatic solution so urgently needed. In particular, there was no mention in the draft resolution of the role of UNIFIL or of the need to encourage an immediate return to the Naquora[1] talks between Israel and Lebanon.

[1]Talks between Israel and Lebanon on the Israeli withdrawal from south Lebanon, begun at Naquora, south Lebanon, under the auspices of the United Nations on 8 November 1984.

Addressing the House of Commons on 14 March (*Hansard*, Vol 75, No 80, cols 532-8) Mr Richard Luce, Minister of State at the Foreign and Commonwealth Office, commented on the British vote and echoed the views presented to the Security Council by Britain's representative. Britain had welcomed Israel's decision to make a full withdrawal and looked for early and orderly completion of that pullback to the south of the international border. It had been entirely right that the Security Council should discuss the situation in Lebanon and although there had been several elements of the draft which Britain could support, it was as a whole unhelpful. It would do nothing to arrest the cycle of violence or to accelerate Israel's withdrawal.

Summarising Britain's attitude, he said: 'We remain deeply concerned about the situation in south Lebanon. We believe that Israel's iron-fist policy will further fan the flames and damage her own security interests on her border with Lebanon. Violence of any sort, retaliation and counter-retaliation, will solve nothing. The need now is for a resumption of the Israel-Lebanon talks to make arrangements for an orderly withdrawal by the Israeli armed forces and for close co-operation with UNIFIL to protect Lebanese civilians.'

The Falkland Islands

The political and economic development of the Falkland Islands and Britain's relations with Argentina were debated in the House of Commons on 14 March. New constitutions for the Islands and for the Falkland Islands Dependencies, which were promulgated and laid before Parliament in March, and the Government's response to a report from the House's Foreign Affairs Committee were also discussed.

New Constitutions

Under the present constitution, which came into force in November 1977, the Falkland Islands Government is administered by a Civil Commissioner, advised by an Executive Council composed of two *ex-officio* members, two unofficial members appointed by the Civil Commissioner, and two elected members of the Legislative Council nominated by that Council, and a Legislative Council composed of two *ex-officio* members and six elected members. Defence and internal security (apart from the police) are the responsibility of a Military Commissioner. The Civil Commissioner is required to consult the Military Commissioner on any matter which falls within the latter's responsibility and to accept his advice on such matters.

Before the 1982 Argentine invasion, a Select Committee of the Falkland Islands Legislative Council was set up to consider the drafting of a new constitution for the Islands. In July 1983 the Committee recommended that the number of elected Legislative Council members should be increased from six to eight, that three

of these should be elected to sit as members of the Executive Council, that the Falkland Islands Government should no longer be able to appoint two members to the Executive Council, and that in each Council the two *ex-officio* members should no longer have a vote.

All these recommendations have been incorporated in the new constitution along with a new chapter on the protection of individual human rights. The preamble to this states, at the request of the Islands Councillors, that all peoples have the right of self-determination, by virtue of which they freely determine their political status and freely pursue their economic, social and cultural development. This is consistent with article 1 of the International Covenant on Civil and Political Rights, a binding international instrument which Britain ratified in 1976.

A new constitution has also been drawn up for the Falkland Islands Dependencies which, while constituting a separate British dependency with its own laws and revenues, have, for reasons of convenience, been administered from Stanley since their annexation in 1908. The Dependencies, whose formal name under the new constitution will be South Georgia and South Sandwich Islands, have no indigenous or permanent inhabitants and thus have no need for the comprehensive provisions for self-government contained in the draft Falkland Islands constitution. The close relationship between the two territories, however, will be reflected in the new arrangements, since the Governor of the Falkland Islands (see below) will also be Commissioner for South Georgia and the South Sandwich Islands and will consult the Falklands Executive Council on those matters relating to the territory which might affect the Falkland Islands.

The draft constitutions were approved by the Falklands Legislative Council on 16 January and were embodied in Orders in Council. Drafts of the two Orders were published in January and the final texts taking account of further consultations, were promulgated and laid before Parliament in March. A new point is that Britain has accepted the wish of the Islanders that the title of Governor should replace that of Civil Commissioner. The title of Military Commissioner will be changed to Commander British Forces. The titles of Civil and Military Commissioner were introduced immediately after the liberation of the Islands in June 1982.

Government Views

Opening the debate (*Hansard*, Vol 75, No 80, cols 492-529), the Foreign and Commonwealth Secretary, Sir Geoffrey Howe, stressed Britain's determination to fulfil its commitments to the Falkland Islanders so that they could live in a climate of peace and security under a government of their own choosing and promote their own political, social and economic development. This was reflected in the way in which the Government had considered with the Islanders the proposals for a new constitution. The Islanders had considered, and Britain had agreed, that the Falklands should have a modern constitution which matched their aspirations in the circumstances of today.

Noting that Britain's position on sovereignty was firm, Sir Geoffrey expressed disappointment that the House of Commons Foreign Affairs Committee had not reached a categorical conclusion on the legal validity of Britain's title to the Falkland Islands.[1] 'Successive British governments have had no such doubts. In their view – and in our view – the Islands are British territory.'

Economic Development

Much of the Islands' infrastructure, Sir Geoffrey recalled, had been damaged or destroyed during the 1982 conflict and local resources had been overstrained. The position had now greatly improved even though some constraints remained and would continue to hamper the pace of future development. The Government had responded to Lord Shackleton's 1982 economic study (see pp 321-3, 1984) by making an allocation of £31 million for spending over a five- or six-year period, and, following the fire which had destroyed the Stanley hospital in April 1984, it had agreed to finance a new hospital on the same site for use by the civil and military authorities. Port Stanley's electricity and water supplies were also being improved.

The Government welcomed the Foreign Affairs Committee's acceptance that a gradual approach to land reform was right. Four farms had been subdivided under arrangements made by the Falkland Islands Government, and of the 27 owner-occupied farms on this land, 12 were in existence before the conflict and 15 had been created subsequently. The Falkland Islands Development Corporation would play an important part in promoting a programme of land distribution in keeping with demand.

Commenting on Lord Shackleton's recommendation that there should be a declaration of a 200-mile exclusive fisheries limit round the Falklands, Sir Geoffrey said that the Government was well aware of the activity of foreign fishing fleets in Falklands waters and the consequent danger of over-exploitation of fish stocks. Under normal conditions the unilateral declaration of such a limit would offer a means of ensuring conservation and management of this valuable resource. In considering this possibility, however, the Government had to give full weight to the political and practical problems of enforcing and policing a unilaterally imposed fisheries zone in an area where British sovereignty was in dispute. The Government agreed with the Foreign Affairs Committee that the establishment of such a zone could not be justified. Instead it had decided to explore 'possible ways in which to establish a multilaterally based conservation and management regime'.

The new airport at Mount Pleasant, Sir Geoffrey said, was intended both to promote the security of the Islands and to make a major contribution to their economic development. The airport would provide a rapid reinforcement facility and, once fully operational, the number of permanently stationed forces on the Islands could be reduced. It would also be capable of handling the largest long-range aircraft and make possible the establishment of commercial services linking the Falklands with the outside world. The main airport runway would open in May and a second runway for all-weather purposes would be completed in February 1986.

[1] *Falkland Islands*. Fifth Report from the Foreign Affairs Committee, Session 1983-84. Vol 1. Report and Minutes of Proceedings. HMSO, £5·55. ISBN 0 10 009004 4. Vol 2. Minutes of Evidence and Appendices. HMSO, £8·40. ISBN 0 10 009014 1. The Government's response to the report is found in *Falkland Islands*. Cmnd 9447. HMSO, £2·25. ISBN 0 10 194470 5.

Relations with Argentina

Britain attached great importance to the improvement of its relations with Argentina, Sir Geoffrey emphasised. As long ago as September 1982 agreement had been reached with the Argentine Government on the withdrawal by both sides of financial restrictions imposed at the start of the conflict. 'Britain implemented that agreement in full, and immediately. Argentina has still not done so.' Genuine and sustained efforts had been made by Britain to find a basis for direct talks with the new Argentine Government but in July 1984 talks in Berne (see pp 293-4, 1984) had broken down because the Argentine representatives had taken a position contrary to the basis for the negotiations that had been explicitly agreed by them in advance. 'The Argentine representatives knew then, and the House knows now, that we are not prepared to discuss with Argentina sovereignty over the Falkland Islands. The Government believe that Argentine actions in 1982 have ruled that out. And yet the Argentine representatives insisted at Berne, in the face of the clear prior agreement to the contrary, that no progress could be made towards normalisation without the certainty that a mechanism would be established that would in practice lead to a transfer of sovereignty.' The indivisibility of this link was totally contrary to any sensible foundation for discussion of other matters. For Argentina negotiations over sovereignty were intended to have only one outcome – the transfer of sovereignty, irrespective of the wishes of the Islanders. 'It is for precisely that reason that we have devoted so much effort to finding a basis for direct talks with Argentina on a range of practical issues, where progress is possible to the benefit of both sides. . . . Earlier this year we transmitted the latest in the series of messages that we have been exchanging with the Argentines through the protecting powers. The details must remain confidential. But that message once again put forward practical steps that would enable confidence to be re-established between our two peoples. We look to the Argentines for a constructive reply.'

In conclusion Sir Geoffrey said that the Argentine Government could take a major step forward by agreeing to British and European Community proposals for the reciprocal lifting of the trade embargo that had been in place since the conflict. Britain had also been helpful in its approach to the international arrangements for the rescheduling of Argentina's official debt, and would be similarly positive in any bilateral discussions.

Opposition Views

Speaking for the official Opposition, Mr George Foulkes said that the concept of 'fortress' Falklands was untenable, since it was enormously expensive in money, damaged Britain's international relations, and distorted Britain's defence commitments. In his view, it was obvious that some arrangement to discuss the future of the Islands was a prerequisite for discussions on the normalisation of Britain's relations with Argentina. There was a need for an open agenda that would allow eventual discussions about the future of the Islands with Argentina which now had a democratically elected legislature and President. Mr Foulkes believed that it was possible to move towards a solution which would be acceptable to both Britain and Argentina and protect the important interests of the Islanders. He called for a simultaneous declaration by Argentina of the formal ending of hostilities and a lifting by Britain of the protection zone, and urged the Government to seek a resumption of the Berne talks and the restoration of diplomatic relations between the two countries. The true interests of the Islanders would not be served if they were for ever isolated from their nearest neighbours on the South American mainland.

While opposing the transfer of sovereignty to Argentina, the leader of the Social Democratic Party, Dr David Owen, suggested that the Government should be prepared to discuss the different options of shared sovereignty or of resting sovereignty in an international body. Chapter 13 of the United Nations Charter gave powers for trusteeship and this would need to be exercised by the Security Council where Britain had a veto. A token peacekeeping force would be required with which the United States and other countries would have to be associated. A British fortress Falklands was a diversion of scarce and expensive resources.

Government Reply

Replying to points raised in the debate, the Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs, Mr Timothy Renton, said that the events of 1982 could not be forgotten and least of all by the Islanders, who wanted the Falklands to remain a British dependency.

The costs connected with the Falklands had largely arisen from the recovery of the Islands, reconstruction, and the building of the new airport. 'Once the airport is completed, expenditure will come down sharply, and when it is fully operational it should be possible to reduce the size of the forces permanently stationed on the Islands.' It was, however, wrong to place a cost value on the principles that were at stake. The concept of fortress Falklands was a misnomer: 'It is no more a fortress Falklands policy than it is a fortress Britain policy. It is the right of the Falkland Islanders to be defended from the threat of attack, and it is our duty to defend them. We are keeping there the minimum force that is necessary for the purpose of defence.'

Concluding, Mr Renton stressed that there was nothing incompatible in wanting better relations with Argentina and in standing by commitments to the Falkland Islands.

Shorter Notes

DEATH OF PRESIDENT CHERNENKO

Mr Konstantin Chernenko, President of the Soviet Union and General Secretary of the Soviet Communist Party, died on 10 March. On the same day the Central Committee of the Communist Party unanimously elected Mr Mikhail Gorbachev, a member of the Soviet Politburo, to succeed Mr Chernenko as General Secretary.

Attending President Chernenko's funeral in Moscow on 13 March were the Prime Minister, Mrs Margaret Thatcher, the Secretary of State for Foreign

and Commonwealth Affairs, Sir Geoffrey Howe, as well as the Leader of the Opposition, Mr Neil Kinnock, the leader of the Liberal Party, Mr David Steel, and the leader of the Social Democratic Party, Dr David Owen. After the funeral, the Prime Minister had talks with Mr Gorbachev and with a number of other international leaders, including the United States Vice-President, Mr George Bush, and the United States Secretary of State, Mr George Shultz.

At a press conference after her talks with Mr Gorbachev, a meeting which she described as very good and useful, Mrs Thatcher said that she had sought to explain the West's and the United States' deep and genuine desire to achieve security at a much lower level of weaponry. In their discussions on the United States' Strategic Defence Initiative project (see pp 101-2), she had emphasised that the United States did not see it 'as a way of achieving advantage or superiority over the Soviet Union'. The United States also recognised that, while research on the project was permitted under the Anti-Ballistic Missile Treaty of 1972, the Treaty required that any deployment had to be negotiated (see pp 70-1). The Prime Minister added that she had stressed to Mr Gorbachev Britain's hope that the United States-Soviet arms control talks would be successful. 'I believe the whole world would dearly love to see security maintained at a lower level of armaments, based on mutual respect, mutual security, but at a lower level of weaponry.' On Anglo-Soviet relations, Mrs Thatcher and Mr Gorbachev discussed Britain's wish to do more business with the Soviet Union, and also the need to develop cultural, scientific, and trade contacts at many different levels, so that the two nations could achieve a better understanding (see pp 10-11).

BRITISH VOLUNTEER PROGRAMME

On 18 March, the Government announced an increase of 15 per cent in its funding for the British Volunteer Programme (BVP) for 1985-86, the amount rising from £5·9 million to £6·95 million, £5·57 million of this going to Voluntary Service Overseas (VSO). Under the programme VSO and three other independent voluntary organisations – International Voluntary Service, the Catholic Institute for International Relations and the United Nations Association International Service – receive from the Government 90 per cent of the costs they incur in recruiting, training and placing British volunteers in posts in developing countries. The volunteers, usually professionally qualified, spend up to two years overseas living on a subsistence salary among the communities they serve. Increases in government grant support since 1979 have enabled the BVP to expand its programme from 740 volunteers in 1979 to 1,164 in 1984. In addition the various agencies have been able to strengthen their administration of the programme and to provide additional support for volunteers working in the poorest countries of the developing world.

Source: Overseas Development Administration press notice, 18.3.85.

ECONOMIC AND SCIENTIFIC AFFAIRS

The Budget 1985-86

A continuing reduction in inflation and the promotion of enterprise and employment were the central themes of the Budget presented on 19 March. Reforms to the scheme of National Insurance contributions are designed to cut the costs for employers of employing people earning up to £130 a week, while at the same time reducing the contribution levels for those on low pay. The self-employed also benefit from concessions on National Insurance contributions. More places are to be made available under schemes which provide school-leavers with vocational training and which enable local authorities and voluntary bodies to find temporary work for the long-term unemployed on projects of community benefit. The Budget again raises income tax thresholds, taking 800,000 people out of the tax system. Downward pressure on inflation is to be maintained by holding to the financial discipline of the medium-term financial strategy. Gross domestic product is expected to rise by 3·5 per cent in 1985.

The main Budget proposals are outlined below, followed by a fuller account of the speech by the Chancellor of the Exchequer. Tables are taken from *Financial Statement and Budget Report*,[1] published with the Budget. For details of the previous Budget see pp 121-7, 1984.

SUMMARY OF BUDGET PROPOSALS

National Insurance Contributions

Graduated contributions replace flat rates of 10·45 per cent paid by employers and 9 per cent paid by employees. Employers now pay 5, 7 or 9 per cent for employees with earnings between £35·50 and £130 a week. Full rate of 10·45 per cent now payable only for employees earning above that level; upper earnings limit removed. Employees pay 5 or 7 per cent contributions on earnings between £35·50 and £90 a week; full rate if over (upper earnings limit retained). Self-employed pay less in flat-rate contributions and start to get tax relief on half of the graduated contributions they make in respect of their profits.

Employment and Training

Increase in places on the Community Programme from 130,000 to 230,000 by June 1986. Youth Training Scheme extended to offer two years work-related training for 16-year-old school-leavers and one year for 17-year-olds, leading to a recognised qualification. More places to be created for engineering and technology students in institutions of higher education.

Legislative Restrictions on Employment

Qualifying period for unfair dismissal claims to be raised from one year to two (for companies employing more than 20 people). Wages councils (which set minimum wages in a variety of industries) to be reformed.

Tax Reductions and Reform

Tax thresholds raised; single and married man's allowances up by twice the amount needed to keep pace with inflation. Capital gains tax indexation extended; development land tax and 15 separate stamp duties abolished; attractiveness of employee share schemes improved; extensive reform of personal income tax announced.

Corporation Tax

Retention of 100 per cent scientific research allowances. Short-life capital assets to be allowed to be written off for tax.

Small Businesses

Business Expansion Scheme extended to include research and development businesses; certain property development companies excluded. Retirement relief from capital gains tax extended. VAT relief for bad debts widened. VAT threshold increased to £19,500.

Excise Duties

Increased duties on tobacco, alcoholic drinks, vehicles, petrol and derv. VAT to be levied on advertisements in newspapers, journals and periodicals. VAT not now recoverable by credit and charge card companies on transactions with their participating retailers. Implementation of Keith Report recommendations on the enforcement powers of the revenue departments, particularly those on treatment of late payment of VAT.

CHANCELLOR'S STATEMENT

Introducing the Budget in the House of Commons (*Hansard*, Vol 75, No 83, cols 787-804), the Chancellor of the Exchequer, Mr Nigel Lawson, said that the Budget had two themes: to continue the drive against inflation and to help create the conditions for more jobs.

[1] *Financial Statement and Budget Report 1985-86*. HM Treasury. HMSO, £5·35. ISBN 0 10 226585 2.

The Economic Background

The past year had been one of steady growth and low inflation, which had remained at around 5 per cent in 1984, the Chancellor said. Output had grown by 2·5 per cent, investment by 6·5 per cent and non-oil exports by 9 per cent, to reach record levels in each case. Manufacturing had recovered particularly strongly. The economy had performed well by international standards, too, with growth above, and inflation below, the average for the European Community. This progress had been made in spite of the coal strike (see pp 77-8) which in 1984-85 had reduced national output by over 1·25 per cent and had adversely affected the balance of payments by £4,000 million, as well as increasing both public expenditure and public sector borrowing. It was a tribute to the underlying strength of the economy that it had been able to withstand so long and damaging a strike.

Looking ahead, Mr Lawson said that the country was about to embark on its fifth successive year of steady growth. Output was set to rise by 3·5 per cent in 1985; and although inflation might rise a little to 6 per cent in the middle of the year, it should, by the end, have fallen back to 5 per cent, reaching a lower level still in 1986. However, despite a rise in employment, the economic upswing was marred by an unacceptably high level of unemployment.

Internationally the past year had been dominated by the dollar's 30 per cent rise in value against the major currencies. The United States was living on borrowed money in order to finance its massive budget deficit; but it was not only America that was paying the interest. This was not a sustainable state of affairs, Mr Lawson said.

Government Economic Strategy

The Government's five-year-old medium-term financial strategy (see p 113, 1980) had been designed to lower the rate of inflation and ensure a reasonable level of growth in demand for money. It had succeeded on both counts. In addition to its monetary policy the Government had a supply-side policy designed to improve the competitive performance of the economy and create more jobs. This meant encouraging enterprise, efficiency and flexibility; promoting competition, deregulation and free markets; and continuing with privatisation and the improvement of incentives. The Government was not going to make the great mistake of post-war demand management – that of reacting to rising unemployment by injecting more money into the system – for this had simply generated runaway inflation. Given a policy for demand expressed in money terms, however, more jobs could be provided through wage restraint, the Chancellor said. The medium-term financial strategy was as firm a guarantee against inadequate money demand as it was against excessive money demand.

Monetary Policy and the Exchange Rate

Over the past year to mid-February the narrow money measure[1] had grown at around the middle of its 4-8 per cent range, while the broad money measure[2] had grown at just below the top of its range (6-10 per cent). For 1985-86 the same two target measures would be retained, with equal importance attached to both. The ranges would be 3-7 per cent and 5-9 per cent respectively, as indicated in the last Budget report.

In judging domestic monetary growth, Mr Lawson said, he had repeatedly argued the need to take the exchange rate into account, because significant movements in it could have a short-term impact on price levels. This process could acquire a momentum of its own, making internal policies harder to implement. There was no mechanical formula for taking the exchange rate into account; but a balance had to be struck, and in a way that took no chances with inflation. The Government was committed to the maintenance of monetary conditions that would continue to bring down inflation. Short-term interest rates would be held at the level needed to achieve this.

Public Sector Borrowing

There was nothing sacrosanct about the precise mix of monetary and fiscal policies required for the Government's economic strategy, the Chancellor continued, but this was not a year for making adjustments; the wisest course was to stick to the preannounced path. This meant that the public sector borrowing requirement (PSBR) for 1985-86 would be set at £7,000 million, or 2 per cent of gross domestic product (GDP).

The PSBR for 1984-85 had been set at £7,250 million (2·25 per cent of GDP); in the event it looked like turning out at £10,250 million (3·25 per cent). All but £250 million of the overrun was directly attributable to the cost of borrowing to keep the economy going through the coal strike. This had been the right thing to do, but it was now necessary to return to the path outlined in the 1984 Budget. This meant that for 1985-86 a substantial reduction in the PSBR had to take precedence over the Government's objectives for reducing the burden of tax.

Public Expenditure

Given the need to ensure that the Budget deficit was of a size that could be soundly financed, lower taxes could only be achieved by maintaining the firmest possible control over public expenditure, Mr Lawson said. Such control required constant vigilance and the determination to succeed despite inevitable setbacks. The Government had brought the rate of growth of public spending below that of the economy as a whole, an achievement which had required difficult decisions in successive public expenditure reviews. However, there was no benefit in sticking to public expenditure targets which subsequent events had made unattainable. The Autumn Statement and Public Expenditure White Paper reviews (see pp 446-9, 1984 and pp 37-40) had both explicitly assumed that the coal strike would end sooner that it had done. It now looked, however, as if the planned total for public expenditure in 1984-85 would be exceeded by some £3,500 million. Some £2,500 million of this was attributable to the coal strike (and there would be further costs in 1985-86). But upward pressures on spending remained intense quite apart from the coal strike, not least from increased take-up of social security benefits and further local authority overspending. There had also been the recent effects of

[1]The narrow money measure, MO, comprises notes and coin in circulation with the public and banks' holdings of cash and their operational balances at the Bank of England.

[2]The broad money measure, sterling M3, comprises notes and coin in circulation with the public and private sector sterling sight and time deposits in Britain.

Table 1

Planned Ranges for Monetary Growth

Percentage change during year

	1985-86	1986-87	1987-88	1988-89
Narrow money-M0	3-7	2-6	1-5	0-4
Broad money-sterling M3	5-9	4-8	3-7	2-6

Table 2

Projections of Public Sector Borrowing

£'000 million

	1984-85	1985-86	1986-87	1987-88	1988-89
General government expenditure	149·5	159·5	164	169	173
of which: public expenditure planning total	129·5	134	139	144	148
interest payments	16·5	18	18	18·5	19
other adjustments*	3·5	7·5	7	6·5	6
General government receipts	140	150	159	168	175·5
of which: taxes on incomes, expenditure and capital	105	113·5	120·5	127·5	133
National Insurance and other contributions	22·5	24·5	26	27·5	29
Interest and other receipts	11	12	12·5	13	13·5
accruals adjustment	1	—	−0·5	—	—
Fiscal adjustments from previous years†	—	—	—	3·5	7
Annual fiscal adjustment†	—	—	3·5	3	3
General government borrowing requirement	9·5	9·5	8·5	8	7·5
Public corporations' market and overseas borrowing	1	−2·5	−1	−1	—
Public Sector Borrowing Requirement	10·5	7	7·5	7	7·5
As a percentage of gross domestic product	3·25	2	2	1·75	1·75

Note: Differences between totals and the sums of their component parts are due to rounding.

*The purpose of these adjustments is to convert the planning total into general government expenditure on a national accounts basis.

†These adjustments imply lower taxes or higher expenditure than assumed in the totals for general government expenditure and receipts.

higher interest rates and a lower exchange rate (see pp 40-1).

Some £2,000 million, therefore, had been added to the contingency reserve in the public expenditure planning totals for each of the next three years (1985-86 to 1987-88). At the same time the estimate for debt interest in each year had been increased.

The new planning totals nevertheless represented a tough target. Excluding the cost of the coal strike, public expenditure would continue to fall as a proportion of GDP and, in real terms, would remain at broadly the same level as in 1984-85. There could be no let-up in the tight control of individual spending programmes within the cash limits set for the coming year.

Tax receipts were now expected to be higher over the next three years (partly for related reasons) but not by as much as the rise in public expenditure. The scope for tax cuts in 1985-86 was therefore some £750 million, only half the amount indicated in the Autumn Statement.

The Strategy for Jobs

The role of government in improving the prospect for jobs was limited but important, Mr Lawson said. Jobs were created by firms that were competitive, efficient, profitable and well-managed. This in turn required a workforce that was skilled, adaptable, reliable, motivated and prepared to work at wages that employers could afford to pay. The Government could not inculcate enterprise by legislation. It could not even prevent trade unions from pricing their members out of jobs. Wage costs per unit of manufacturing output had risen by 4 per cent in Britain in 1984, whereas in the United States, the Federal Republic of Germany and Japan they had fallen. Not only was this bad for competitiveness, but bad for jobs; the benefits of economic growth were going to those in work and doing nothing to improve the prospects for those out of work. The remedy for these problems lay in the hands of those responsible for collective bargaining throughout the economy.

What government could do, however, was to prepare the ground in which enterprise could flourish, by removing obstacles to the working of markets. The labour market in particular could be improved through education and training measures and through tax incentives. The Government had made progress on these fronts, but attitudes and behaviour acquired over decades could not be changed overnight.

The detailed Budget proposals had been selected as those that would do most to promote enterprise and employment, without affecting the objective of a continuing reduction of inflation. 'Our attack on the evil of unemployment is clear, coherent and strong. My Budget today represents a further step along the road we have been taking since 1979. It will help us to ensure that more new jobs are created and that they will be jobs that last,' Mr Lawson said.

Employment and Training Measures

The Government had decided to promote a substantial expansion of the Youth Training Scheme (see p 128). Launched in 1983, the scheme had proved a successful bridge between school and work. But the pay expectations of many school-leavers needed to be more realistic; and many employers still needed to recognise the value of training. The Government was therefore prepared to provide further funds to launch a new initiative, provided that a major share of the eventual costs was borne by employers. Places on the expanded Youth Training Scheme would be available for two years, instead of one, to 16-year-olds and for one year to 17-year-olds, and would lead to a recognised qualification. The Department of Employment's programme would be increased by £125 million in 1986-87 and by £300 million in 1987-88, expenditures which would be partly offset by savings in social security payments and the ending of the Young Workers Scheme (see p 128) in March 1986. The Manpower Services Commission would receive an extra £20 million in 1986-87 to help finance a programme of appropriate in-service teacher training courses.

A special programme was also being launched, costing about £40 million over the next three years, to provide additional places in engineering and technology at selected higher education institutions (see p 141), and so keep pace with the expanding needs of industry. The costs in this case would be met from within the existing public expenditure programme.

For the long-term unemployed, the Government would make funds available to extend the number of places provided under the Community Programme (see p 126) from 130,000 at present to 230,000 by June 1986. (Under this programme local authorities and voluntary bodies provide temporary work for the long-term unemployed on projects of community benefit.) The Department of Employment's programme would accordingly be increased by £140 million in 1985-86 and by £460 million in 1986-87. Again, there would be offsetting savings on social security benefits.

The net addition to public expenditure of all these proposals relating to employment and training would be £75 million in 1985-86, £300 million in 1986-87 and £400 million in 1987-88.

Measures to remove legislative restrictions on the working of the labour market would include the extension to all employers of the provisions on unfair dismissals which currently applied to small firms (see p 126), and proposed changes to the system of Wages Councils (see p 126) which, Mr Lawson said, destroyed jobs by making it illegal for employers to offer work at levels of pay which they could afford and which the unemployed were prepared to accept.

Tax Reform

Personal Income Tax

The Chancellor said he proposed to issue a consultation document, later in 1985, on the reform of personal income tax. It would discuss a range of options opened up by computerisation, from non-cumulation[1] to closer integration between the tax and benefit systems, and including in particular a reform of the system of personal allowances.

Under the present system too many young people started paying tax at too low a level of pay; too many families found themselves in the poverty and unemployment traps; and there was discrimination against families in which the wife stayed at home to look after the children, and against marriage partners who were denied independence and privacy in their tax affairs. Reforms to produce a more logical and straightforward system could be based on a new scheme of personal allowances under which every person, married or single, would have the standard allowance. If either a wife or a husband were unable to make full use of their allowance, the unused portion could be transferred to their partner. After an appropriate period for the public discussion of these proposals, it would be possible to legislate in 1987 and have a new system in operation by the end of the decade.

Capital Gains Tax

The way to overcome the acknowledged defects of this tax was to build on the change made in the 1982 Budget, which had introduced indexation relief (see p 121, 1982). This relief had three serious limitations, all of which would now be remedied. Indexation would from 6 April be extended to cover the first 12 months of ownership of an asset; it would also be extended to losses; and the indexation allowance would henceforth be based on March 1982 values, so removing unfair discrimination against those who had acquired their assets prior to 1982 and had had their allowance based on the original cost. These reforms would produce a fairer and simpler capital gains tax, help the efficient working of the capital markets, relieve the burden on family businesses, and encourage risk-taking and enterprise. Increasingly, the tax would be levied on real and not inflationary gains. Some 15,000 taxpayers would be removed from liability altogether when these changes were combined with the statutory indexation of the exempt amount, which would rise to £5,900 in 1985-86. The combined costs of the three reforms would be £155 million in a full year; but none of it would fall in 1985-86.

Stamp Duties

In order to simplify and modernise these ancient taxes, 15 separate duties would be abolished, which ought to reduce by 40 per cent the number of documents which required to be stamped.

[1]Income tax in Britain is levied on a cumulative basis; the whole year's supposed income is taken into account when liability for income tax is assessed for a given week or month, leading to complex administrative procedures.

Table 3

Taxation and Miscellaneous Receipts

£ million

	1984-85 Budget forecast	1984-85 latest estimate	1985-86 forecast
Taxation			
Inland Revenue			
Income tax	33,800	32,700	35,200
Corporation tax*	8,400	8,200	10,100
Petroleum revenue tax†	6,000	7,200	8,200
Capital gains tax	710	720	790
Development land tax	75	80	55
Capital transfer tax‡	680	680	760
Stamp duties	860	910	1,100
Total Inland Revenue	50,500	50,500	56,200
Customs and Excise			
Value added tax	18,000	18,400	18,300
Oil	6,100	6,100	6,500
Tobacco	4,100	4,100	4,300
Spirits, beer, wine, cider and perry	4,000	3,800	4,200
Betting and gaming	650	670	700
Car tax	700	750	760
Other excise duties	20	20	20
European Community own resources:			
Customs duties, etc	1,230	1,300	1,400
Agricultural levies	200	120	100
Total Customs and Excise	35,000	35,300	36,300
Vehicle excise duties§	2,140	2,200	2,500
National Insurance surcharge	900	920	30
Total taxation	88,500	88,900	95,100
Miscellaneous receipts			
Broadcast receiving licences	770	790	790
Interest and dividends	400	500	870
Gas levy	510	500	520
Oil royalties	2,000	2,400	2,500
Other¶	5,800	5,300	6,700
Total	98,000	98,400	106,500

*Including advance corporation tax:
Net of repayments 3,000 3,100 3,600
†Including advance payments.
‡Including estate duty 6 6 4
§Including driving licence receipts.
¶Including the 10 per cent of own resources refunded by the European Community to meet the costs of collection, other receipts from the Community and proceeds from special sales of assets.

Development Land Tax

This complex tax was being abolished with immediate effect. It had been introduced in response to the problem of soaring land values at a time of high inflation, and its chief practical effect now was to discourage the bringing forward of land for development. Deferred charges under the tax would also be cancelled. The net cost would be some £20 million in 1985-86 and £50 million in a full year. Development gains would continue, of course, to be subject to income tax, corporation tax and capital gains tax.

Business Taxation

The Government's measures were designed to foster the conditions which would encourage businesses to grow and create more jobs.

Corporation Tax

There were only limited changes to corporation tax for 1985-86, following the reforms announced in the last Budget. The scientific research allowance would not be reduced in line with other capital allowances, but would remain at 100 per cent in order to assist expen-

ditures in the important area of research and development. The new capital allowances would be modified from 1986 to allow a business to exclude short-life (often high-technology) assets from its pool of capital expenditure, so that if the asset were scrapped after four years it would be fully written off for tax over that period. This could benefit business by some £300 million in the early 1990s.

Employee Share Schemes

In order to maintain and build on the progress in establishing employee share schemes (which had increased in number from 30 in 1979 to some 850), the Chancellor was reducing the retention period for profit-sharing schemes from seven years to five.

Other Business Taxation

The Chancellor also announced a series of measures dealing with modifications to the value added tax levy on imports introduced in the last Budget; tax avoidance by partnerships; the issuing of short-term securities by companies (enabling them to finance themselves); and the removal of immediate petroleum revenue tax relief for onshore oil exploration and appraisal expenditure. The Government would continue to press for action against unitary taxation in the United States (see pp 81-2, 1980) which threatened the American subsidiaries of British companies.

Smaller Businesses and the Self-employed

This was a sector of the economy where an increasing proportion of the jobs of the future were likely to be found, Mr Lawson said.

It was proposed to implement many of the measures outlined in the consultative document on capital gains tax retirement relief, notably the reduction of the age for full relief to 60. This would be particularly significant for the proprietors of small businesses concerned at the tax they might have to pay when selling their businesses on retirement.

Under the Business Expansion Scheme (see p 133, 1983) some £100 million had been invested in 500 companies in 1984, over half this sum going to provide equity capital for new businesses. Companies formed to carry out research and development would now be included in the scheme; certain ventures primarily involving property development would now be excluded (though building and construction would continue to qualify).

The value added tax (VAT) threshold was increased to £19,500 from midnight on Budget day; and it was proposed to widen the scope of VAT relief for bad debts as soon as the provisions of the Insolvency Bill (see p 100, 1984) were implemented.

For the self-employed, whose ranks had risen by well over half a million (30 per cent) in the last five years, a long-standing grievance would be removed. While the National Insurance contribution made by employees could not be set against tax, the contribution made by the employer on the employee's half could be so treated. The self-employed, however, could obtain no relief on National Insurance contributions. From 6 April, therefore, tax relief would be allowed on half the graduated contributions paid by the self-employed; and from October the flat-rate contributions would be reduced from £4·75 to £3·50 a week. The benefit of these reliefs to the self-employed would be £55 million in 1985-86 and £155 million in a full year.

Taxes on Personal Spending

The Budget would, like the previous one, shift some of the burden of personal taxation from earnings to spending. Accordingly the revenue from excise duties would be increased by rather more than was required to keep pace with inflation.

Tobacco, Drinks, Petrol and Vehicles

Duty on cigarettes and hand-rolling tobacco would be increased by the equivalent, including VAT, of 6p on a packet of 20 cigarettes. There would be no increase for cigars or pipe tobacco. Most beer would go up by between 1p and 2p a pint, depending on strength; cider by 1p a pint; table wine by 6p a bottle; and sparkling or fortified wine by about 10p a bottle. In recognition of the current difficulties of the scotch whisky industry, the duty on spirits would be raised by only 10p a bottle, well below the rise needed to keep pace with inflation.

Petrol and derv duties would be raised by 4p and 3½p a gallon respectively. There would be, as in 1984, no increase in the duty on heavy fuel oil.

More revenue would be raised from vehicle excise duty, which, for cars and light vans, would increase from £90 to £100 a year. The pattern of duty on lorries would be made to correspond more closely to the amount of wear and tear they caused to roads, so that while most lorry duties would remain unchanged, substantially larger duties would be placed on the heaviest rigid lorries.

These changes in excise duty, all told, would raise an extra £820 million in 1985-86, some £235 million more than was required to keep pace with inflation. The impact on the retail price index would be 0·05 per cent (taken into account in the inflation forecast given earlier – see p 114).

Value Added Tax

The Chancellor announced that, one change apart, he intended to make no further extensions to the VAT base during the lifetime of the present Parliament. European Community law had to be reckoned with, of course, and Britain was bound by Community treaty obligations. The Government would vigorously defend its case if challenged, however.

The one change that would be made was the extension of VAT to advertising in newspapers and magazines. All other types of advertising were taxed and it was an unjustified anomaly that this kind should be excluded. This would apply from 1 May and would raise £30 million in 1985-86 and £50 million in a full year.

Changes were proposed also in the tax treatment of credit cards and similar payment cards – a part of the financial sector which had enjoyed exceptional growth over the past few years. From 1 May the companies providing the cards would not be able to recover VAT in respect of their transactions with the outlets which accepted the cards. This would raise £15 million in 1985-86 and £20 million in a full year. Charges for card holders ought not to be directly affected.

A modest concession would be the extension of the existing relief for medical or scientific equipment bought with donated funds for use in hospitals and the like to cover computer equipment for certain medical uses. This would also take effect from 1 May.

Most of the recommendations of the Keith Report on the enforcement powers of the revenue depart-

ments (see p 29) would be incorporated in the 1985 Finance Bill, including measures to deal with the late payment of VAT. In 1985-86 this was expected to bring in £50 million in extra revenue and by 1988-89 there would have been a cumulative once-for-all revenue gain of about £600 million. Proposals on the inland revenue aspects of the Keith Report would follow in the 1986 Finance Bill.

The VAT changes proposed would bring in £90 million in 1985-86, rising eventually to £215 million in a full year. They would have no impact on the retail price index.

Personal Income Tax

Mr Lawson first dealt with capital transfer tax. It would be maintained at its significantly reduced level by the raising, in line with statutory indexation, of the threshold and rate bands set in 1984. In addition, the scope of the existing exemption for amenity land surrounding a house of outstanding heritage quality would be widened.

On 6 April the banks would move over to the composite rate system[1] for the payment of tax on bank interest. Legislation was needed to put the corresponding composite rate payments by building societies on a similar footing, starting in 1986. This would not produce any additional revenue. As an administrative saving, the Chancellor also proposed to legislate in 1985 to bring new loans above the mortgage interest relief ceiling into the MIRAS (mortgage interest relief at source) system by April 1987. The ceiling itself would remain at £30,000 in 1985-86.

For those whose employers provided them with a car, the car and fuel scales would be increased by 10 per cent from April 1986; this would still leave the scales well short of the true value of the benefit.

In order to give further help to charities, the limit to which relief at the higher rates of tax was allowed for covenants would be doubled to £10,000.

Turning to his main income tax proposals, the Chancellor said that there would be no change in the rates of income tax. Once again he would concentrate on raising the starting point for tax. Increases in the basic tax thresholds benefited all taxpayers but gave proportionately more help to those on low incomes. The higher rate threshold and bands would be raised by 4·6 per cent (the increase in the retail price index for 1984); the first higher rate of 40 per cent would thus be reached at a taxable income of £16,200 and the top rate of 60 per cent at a taxable income above £40,200. Basic thresholds, however, would be raised by twice the amount implied by statutory indexation; the single person's allowance would go up £200 (instead of £100) to £2,205, and the married man's allowance by £300 (instead of £150) to £3,455. Age allowances would be increased by the same cash amount as the corresponding basic allowance. The single age allowance would rise by £200 to £2,690, and the married age allowance by £300 to £4,255.

These increases would mean that most single people would enjoy an income tax cut of at least £1·15 a week and most married couples a cut of £1·73 a week. The threshold increases would take 800,000 people (including 100,000 widows) out of tax altogether in 1985-86. That was twice as many as would have been the case if the allowances had been merely indexed.

All the above income tax changes would take effect under PAYE [Pay as you earn – the system under which most employees are taxed] on the first pay day after 17 May. Their cost was considerable: £1,600 million in 1985-86, of which about half represented the cost of indexation.

The increase in the basic allowances of 10 per cent (5 per cent in real terms) meant that they would be 20 per cent higher in real terms in 1985-86 than in 1978-79.

National Insurance Contributions

As a final measure for improving the job prospects for young people and the unskilled (among whom the problem of unemployment was most severe), the Government had decided to reform National Insurance contributions radically in order to cut the costs of employing such people and to sharpen their incentive to work at wages that employers could afford.

It was proposed, first, to abolish the upper earnings limit for the employer's contribution, which for 1985-86 had been set at £265 a week. Under existing arrangements an employer paid the same cash sum for employees above the upper earnings limit, regardless of whether an employee was paid £15,000 or £50,000. Under the newer and arguably fairer system it was proposed that the employer's liability should be the same flat 10·45 per cent of earnings as applied (at present) below the upper earnings limit.

The £800 million raised by this charge in a full year would make possible a substantial reduction in the cost of employing people at the lower end of the earnings scale. There, in fact, the uniform 10·45 per cent flat rate would be replaced by a system of graduated rates.

It would continue to be the case that no National Insurance was payable by those earning below the lower earnings limit, which for 1985-86 had been set at £35·50 a week. But for employees earning between that level and £55 a week, the employer's contribution would in future be cut from 10·45 per cent to 5 per cent; similarly the rates would be 7 per cent for those earning between £55 and £90 a week, and 9 per cent for those earning between £90 and £130 a week. The full rate would apply for those earning over £130 a week.

These changes represented substantial reductions in the cost of employing the lower-paid, Mr Lawson stated, and would significantly improve the flexibility of the labour market and the prospects for jobs.

The increased cost of employing higher-paid workers would be more than offset by the reduced cost of employing lower-paid workers.

A similar system of graduated National Insurance contribution rates would be introduced for employees themselves at the lower end of the earnings scale. The existing system, under which a flat rate of 9 per cent applied to all earnings between the lower and upper earnings limit, was a particularly heavy burden for the lower-paid. In future those earning between £35·50 and £55 a week would pay a 5 per cent rate; those earning between £55 and £90 a 7 per cent rate; and those earning between £90 and the upper earnings limit the full 9 per cent rate. The upper earnings limit would not be abolished for employees' contributions. It was an integral part of the contributory system

[1]Under this system interest-paying deposit-takers make a 'composite' payment to the Government in return for tax exemption on the interest they pay to depositors, so simplifying the administration of tax.

on which employee benefit entitlement was based. Moreover, abolishing the limit would mean unacceptably high combined rates of income tax and National Insurance contribution for those on higher rates of income tax.

The Chancellor expected the new rates, which would be provided for in the Social Security Bill before Parliament, to take effect from the beginning of October. The changes were not intended to affect benefit rights and new rules would be introduced to protect these. Arrangements for the contracted-out rebate would be unaffected (see p 101, 1978).

The overall cost of the changes (taking into account the aforesaid reduction in National Insurance contributions for the self-employed) would be £450 million in a full year, comprising £80 million less in employers' contributions, £270 million less in employees' contributions and £100 million less in contributions from the self-employed. In 1985-86 the total cost would be £160 million.

The effect on job prospects would be substantial over time. The cost of employing some 8·5 million people on earnings of less than £130 a week would be reduced by almost £900 million in a full year. It would cost an employer £3 a week less to employ a young person or unskilled worker at just below £90 a week. Meanwhile the take-home pay of some 3·5 million people with earnings up to that level would be increased on top of the real increases in income tax thresholds announced. A single young person earning just under £90 a week would pay about £1·80 less in National Insurance and get a reduction of £1·15 in his or her income tax bill. The combined tax burden on someone earning £80 a week would be reduced by 30 per cent; and at £50 a week it was cut in half.

These were changes of a major order, Mr Lawson concluded. 'They amount to a direct and powerful attack on disincentives to employment. They tackle the problem of unemployment where it is most acute. They complete my Budget for jobs.'

OPPOSITION VIEWS

Speaking for the official Opposition on 20 March, Mr Roy Hattersley said (*Hansard*, Vol 75, No 84, cols 873-83) that the Government had once again chosen the high-unemployment option. The way to deal with unemployment was through substantial investment in a job-creation programme followed by public investment in infrastructure projects such as roads and housing. While welcoming in principle the changes in National Insurance contributions, he said that, without a general increase in demand, they would not have a significant effect on jobs. Neither were the Government's tax cuts working to promote employment. The Budget had done nothing for the lowest paid, who would be paying the largest percentage of their income in increased charges and indirect taxes while their real incomes suffered most from deteriorating public services. The Government – twice elected on promises of tax cuts – had increased taxes generally, but had reduced them for the 5 per cent of highest income recipients. He accused the Government of a callous disregard for families in the middle of the income scale as well as for the poor.

For the Liberal-Social Democratic Alliance, Mr Richard Wainwright, also speaking on 20 March (*Hansard*, Vol 75, No 84, cols 896-900), said that, for all its severity, the Budget had not attacked either of the twin evils of rising, prolonged unemployment or deep family poverty. The restructuring of National Insurance would immensely add to the attractions for employers to take on part-timers, which was not a satisfactory answer to the unemployment problem. A root and branch examination of the National Insurance system was needed. The lifting of tax thresholds represented a modest bonus for the generality of taxpayers and sidestepped the problem of the really poor. While criticising the Government for forcing the gas and electricity industries to raise their prices, Mr Wainwright welcomed the changes relating to allowances for short-life industrial assets and to employee shareholder schemes. He concluded that there was nothing in the Budget to show that the Government was thinking about how the country would pay for its imports when oil exports ceased.

Overseas Trade and Balance of Payments in 1984

In 1984 Britain recorded a surplus on the current account of its balance of payments of some £50 million, the surplus on invisible transactions just offsetting the visible trade deficit. For the first time for some years there was a substantial increase in the volume of visible exports, including manufacturing exports. The United States once again provided the largest market for British exports of goods.

A summary of Britain's balance of payments in the years 1982-84 is given in Table 1.

Figures for the balance of payments for 1984 (together with revised estimates for 1982 and 1983) were published in a Central Statistical Office press notice on 7 March. Much of the information in this article, including Tables 1 and 5, is taken from the press notice while some of the commentary on visible trade is drawn from the annual report of the British Overseas Trade Board for 1984.[1] Tables 2, 3 and 4 are derived from the March edition of the *Monthly Review of External Trade Statistics* produced by the Department of Trade and Industry.

Visible Trade

In 1984, for the second year in succession, there was a deficit on the visible trade account, totalling £4,255 million, compared with one of £1,165 million in 1983. The decline in the balance on visible trade more than accounted for the fall in the current account surplus between 1983 and 1984, from £2,543 million to £51 million. However, the surplus on trade in fuels is estimated by the British Overseas Trade Board to have been reduced by some £2,750 million in 1984 as a result of the coal industry dispute (see pp 77-8). A surplus of £7,136 million was achieved on trade in oil, a rise of £290 million over the 1983 figure. Non-oil trade, on the other hand, moved further into deficit

[1]Available free from the Publicity Unit, British Overseas Trade Board, 1 Victoria Street, London SW1H 0ET.

Table 1

Balance of Payments

£ million

	1982	1983	1984
Visible trade balance	+2,055	−1,165	−4,255
Invisible trade balance	+2,879	+3,708	+4,306
of which *Services*	*+3,762*	*+4,215*	*+4,349*
Interest, profits and dividends	*+1,173*	*+1,709*	*+2,325*
Transfers	*−2,056*	*−2,216*	*−2,368*
Current balance	+4,934	+2,543	+51
Investment and other capital transactions	−3,416	−3,231	−3,872
Allocation of Special Drawing Rights	—	—	—
Official reserves*	+1,421	+603	+913
Other official financing	−137	+213	+408
Balancing item	−2,802	−128	+2,500

*Drawings on (+)/additions to (−).

Table 2

Overseas Trade 1977-84

Balance of payments basis

	Exports f.o.b.* £ million	Imports f.o.b.* £ million	Visible balance £ million	Unit value indices (1980=100) Exports	Imports	Terms of trade†	Volume indices (1980=100) Exports	Imports	Relative volume index†
1977	31,728	34,012	−2,284	72·0	82·1	87·7	92·1	91·3	100·9
1978	35,063	36,605	−1,542	79·1	85·2	92·7	94·5	95·5	99·0
1979	40,686	44,135	−3,449	87·6	90·9	96·4	99·1	105·7	93·8
1980	47,422	46,061	+1,361	100·0	100·0	100·0	100·0	100·0	100·0
1981	50,977	47,617	+3,360	108·8	108·3	100·5	99·2	96·1	103·2
1982	55,565	53,510	+2,055	116·7	118·2	98·7	101·5	100·7	100·8
1983	60,776	61,941	−1,165	126·6	129·6	97·7	102·6	107·9	95·1
1984	70,377	74,632	−4,255	136·9	141·5	96·8	110·4	118·8	92·9

*Free on board; values include all costs accruing up to the time of placing the goods on board the exporting vessel or aircraft.
†Export index as a percentage of import index.

from £8,011 million in 1983 to £11,391 million a year later, reflecting in part the continuing deterioration in the balance of trade in manufactured goods: exports of manufactures increased in value by 16 per cent from £40,173 million in 1983 to £46,539 million in 1984 (with export volume rising by 9 per cent, broadly the same as the growth in world trade), but imports rose by 18 per cent from £42,533 million to £50,380 million.

Total visible exports (on a balance of payments basis[1]) increased in value by 16 per cent to £70,377 million in 1984 (see Table 2), a rise of 8 per cent in volume terms; this compared with a 9 per cent growth in the value of exports and a 1 per cent rise in volume in 1983. Excluding oil, exports grew in 1984 by 7 per cent in volume terms and by 15 per cent in value to £55,467 million. Some of the more significant changes within these totals were (on an overseas trade statistics basis): a growth in the value of exports of food, beverages and tobacco of 11 per cent to £4,693 million (see Table 3), fuels (17 per cent to £15,367 million), chemicals (18 per cent to £8,215 million) and machinery (20 per cent to £15,409 million).

Imports of goods in 1984 increased in volume by 10 per cent and in value by 20 per cent to £74,632 million (on a balance of payments basis), the rise in the value of imports reflecting in part the weakening of sterling. Imports of all broad manufacturing sectors other than passenger cars showed fairly significant rises in value: for example, chemical imports increased

[1]The primary difference between figures calculated on a balance of payments basis and those calculated on an overseas trade statistics basis is that the former exclude the cost of insurance and freight for imports and of returned goods for both imports and exports.

Table 3

Overseas Trade by Commodity

Overseas trade statistics basis

	Exports (f.o.b.)			Imports (c.i.f.)*		
	1983 £ million	1984 £ million	1984 per cent	1983 £ million	1984 £ million	1984 per cent
Non-manufactures	**18,931**	**22,049**	**31·3**	**19,720**	**24,548**	**31·2**
Food, beverages and tobacco	4,241	4,693	6·7	7,869	8,936	11·4
Basic materials	1,587	1,989	2·8	4,775	5,420	6·9
Fuels	13,103	15,367	21·8	7,076	10,192	12·9
Manufactured goods	**40,087**	**46,668**	**66·2**	**44,937**	**52,885**	**67·2**
Semi-manufactures	15,949	18,226	25·8	16,965	19,762	25·1
of which *Chemicals*	*6,933*	*8,215*	*11·7*	*5,119*	*6,311*	*8·0*
Textiles	*1,285*	*1,485*	*2·1*	*2,320*	*2,706*	*3·4*
Iron and steel	*1,331*	*1,529*	*2·2*	*1,260*	*1,487*	*1·9*
Non-ferrous metals	*1,767*	*1,657*	*2·3*	*1,985*	*1,996*	*2·5*
Metal manufactures	*1,325*	*1,465*	*2·1*	*1,108*	*1,385*	*1·8*
Other	*3,308*	*3,875*	*5·5*	*5,173*	*5,877*	*7·5*
Finished manufactures	24,138	28,442	40·3	27,971	33,124	42·1
of which *Machinery*	*12,891*	*15,409*	*21·9*	*13,231*	*16,347*	*20·8*
Road vehicles	*3,092*	*3,312*	*4·7*	*5,754*	*5,958*	*7·6*
Scientific instruments and photographic apparatus	*2,046*	*2,473*	*3·5*	*2,164*	*2,661*	*3·4*
Clothing and footwear	*989*	*1,139*	*1·6*	*2,143*	*2,655*	*3·4*
Other	*5,120*	*6,109*	*8·7*	*4,679*	*5,503*	*7·0*
Miscellaneous	**1,667**	**1,795**	**2·5**	**1,444**	**1,271**	**1·6**
Total	**60,684**	**70,511**	**100**	**66,101**	**78,705**	**100**

*Cost of insurance and freight; values include the cost of insurance and freight from the country of consignment.
Note: Differences between totals and the sums of their component parts are due to rounding.

by 23 per cent to £6,311 million (on an overseas trade statistics basis) and imports of machinery and transport equipment by 17 per cent to £23,668 million. Non-manufacturing imports grew in value by 24 per cent to £24,548 million with imports of food, beverages and tobacco rising by 14 per cent to £8,936 million and fuels by 44 per cent to £10,192 million.

Britain's overseas trade by area, on an overseas trade statistics basis, is shown in Table 4. In 1984 about four-fifths of Britain's trade was conducted with countries of the developed world, with trade with other European Community nations accounting for over two-fifths of the total. Exports to Community countries grew in value by 19 per cent to £31,568 million while those to the United States rose by 20 per cent to £10,149 million. Exports of manufactures to the latter increased by more than two-fifths. The United States was the largest importer of British goods for the fourth year running, taking 14 per cent of Britain's visible exports, followed by the Federal Republic of Germany (11 per cent), France (10 per cent) and the Netherlands (9 per cent). Imports from Britain's European Community partners increased by 17 per cent in value to £35,204 million and imports from other Western European countries by 27 per cent to £13,254 million, whereas the value of imports from oil-exporting nations was at virtually the same level as in 1983 after a substantial fall between 1982 and 1983. For the third year in succession, the Federal Republic of Germany was the largest supplier of Britain's imports, accounting for 14 per cent by value of total visible imports, followed by the United States (12 per cent), the Netherlands (8 per cent) and France (7 per cent).

Invisible Trade

The provisional estimate of the surplus on invisible trade in 1984 is some £4,300 million, compared with £3,700 million in the previous year. The surplus on services rose by £134 million and that on interest, profits and dividends by £616 million; the deficit on transfers increased by £152 million. Credits totalled £38,930 million and debits £34,624 million. Table 5 provides a breakdown of credits and debits for the main components.

Services

The surplus on services increased from £4,215 million in 1983 to £4,349 million in 1984; both exports and imports rose by about 3 per cent in volume terms. The deficit on the sea transport account increased further to £1,108 million, as Britain's share of freighting its exports and imports continued to decline, but was more than offset by rises in the surpluses on civil aviation and financial and other services. The deficit on the travel account, at £422 million, was similar to that recorded in 1983.

Table 4

Overseas Trade by Area

Overseas trade statistics basis

	Exports (f.o.b.)			Imports (c.i.f.)		
	1983 £ million	1984 £ million	1984 per cent	1983 £ million	1984 £ million	1984 per cent
Developed countries	46,648	55,386	78·5	54,815	65,102	82·7
of which *European Community*	*26,509*	*31,568*	*44·8*	*30,104*	*35,204*	*44·7*
Rest of Western Europe	*7,506*	*8,728*	*12·4*	*10,457*	*13,254*	*16·8*
North America	*9,496*	*11,406*	*16·2*	*9,083*	*11,055*	*14·0*
Other	*3,137*	*3,684*	*5·2*	*5,171*	*5,589*	*7·1*
Developing countries	12,792	13,356	18·9	9,631	11,429	14·5
of which *Oil-exporting countries**	*6,128*	*5,807*	*8·2*	*2,833*	*2,862*	*3·6*
Other	*6,665*	*7,550*	*10·7*	*6,798*	*8,568*	*10·9*
Centrally planned economies†	1,113	1,630	2·3	1,535	2,044	2·6
Total	60,684	70,511	100	66,101	78,705	100

*Algeria, Bahrain, Brunei, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Oman, Qatar, Saudi Arabia, Trinidad and Tobago, United Arab Emirates and Venezuela.
†Soviet Union, German Democratic Republic, Poland, Czechoslovakia, Hungary, Romania, Bulgaria, Albania, Vietnam, Mongolia, the People's Republic of China and North Korea.
Note: Low value consignments are included in total imports and exports, but not in the allocation by area. Accordingly, the sums of the component parts do not equal the total figures given.

Table 5

Invisible Trade

£ million

	Credits			Debits			Balance
	1982	1983	1984	1982	1983	1984	1984
Services	**17,625**	**19,301**	**21,275**	**13,863**	**15,086**	**16,926**	**+ 4,349**
Private sector and public corporations	17,220	18,831	20,803	12,624	13,783	15,589	+ 5,214
of which *Sea transport – dry cargo*	*2,243*	*2,033*	*2,206*	*2,793*	*2,974*	*3,342*	*– 1,136*
Sea transport – tankers	*1,024*	*1,021*	*1,081*	*1,004*	*964*	*1,053*	*+ 28*
Civil aviation	*2,471*	*2,665*	*3,016*	*2,080*	*2,237*	*2,547*	*+ 469*
Travel	*3,168*	*3,650*	*4,194*	*3,640*	*4,047*	*4,616*	*– 422*
Other	*8,314*	*9,462*	*10,306*	*3,107*	*3,561*	*4,031*	*+ 6,275*
General government	405	470	472	1,239	1,303	1,337	– 865
Interest, profits and dividends	**10,584**	**12,246**	**14,104**	**9,411**	**10,537**	**11,779**	**+ 2,325**
Private sector and public corporations	9,768	11,630	13,485	7,795	8,764	9,755	+ 3,730
General government	816	616	619	1,616	1,773	2,024	– 1,405
Transfers	**3,187**	**3,359**	**3,551**	**5,243**	**5,575**	**5,919**	**– 2,368**
Private	1,030	1,138	1,200	1,242	1,352	1,440	– 240
General government	2,157	2,221	2,351	4,001	4,223	4,479	– 2,128

Interest, Profits and Dividends

The estimate of the balance on interest, profits and dividends in 1984 is of a surplus of £2,325 million, compared with a surplus of £1,709 million in 1983. Credits grew by 15 per cent to £14,104 million and debits by 12 per cent to £11,779 million. Earnings on British portfolio investment overseas, at £3,620 million, were almost the same as earnings on direct overseas investment by British non-oil companies (£3,693 million). Within the increase in portfolio income part of the fall in net interest on British banks' borrowing and lending in foreign currencies was offset as lending by British banks became more and more in a form classified as portfolio investment. Earnings from direct investment by overseas non-oil companies in Britain rose by 16 per cent to £3,100 million.

Transfers

The deficit on transfers of £2,368 million comprised a private sector deficit of £240 million and a government deficit of £2,128 million. Government credits remained more or less steady as a reduction in budget refunds was more than offset by a rise in other receipts from the European Community. Debits, on the other hand, continued to rise in 1984 largely as a consequence of higher payments being made to Community institutions and greater private sector debits.

Investment and Other Capital Transactions

The preliminary figures for identified investment and other capital transactions for 1984 show a net outflow of £3,872 million, £641 million more than in 1983 (see Table 1).

Inflows of total investment into the public and private sectors in Britain were substantially lower in 1984 at £3,489 million than in 1983 when they reached £5,433 million. Lower investment in Britain and increased investment abroad by British oil companies in 1984 reflected the effect of the Royal Dutch/Shell Group purchasing of minority shareholdings in its US affiliate in the second quarter of the year. The net increase in foreign currency borrowing by British banks in 1984, £8,713 million compared to £1,445 million in 1983, was largely a result of the growing importance of British banks' acquisitions of marketable securities, categorised as portfolio investment, as an alternative form of lending; the substantial rise in such acquisitions by banks in 1984 mirrors the increase in this form of bank lending.

Portfolio investment abroad by other (non-bank) British residents of £1,454 million in 1984 was much lower than the 1983 figure of £3,640 million.

Official Financing

In 1984 there were drawings on the official reserves of £913 million (see Table 1) compared with £603 million in the previous year.

Employment and Training

The Government's strategy towards employment as a whole and its approach to work-related education and training for those aged 14 to 18 have been set out in two separate White Papers. Additional resources are being devoted to an extended Youth Training Scheme, the number of places on the Community Programme for the long-term unemployed is being increased, a review of vocational qualifications is being implemented and regulation of controls on employment is being relaxed in respect of wages councils and employment protection law.

In a statement in the House of Commons on 3 April (*Hansard*, Vol 76, No 94, cols 1221-2), the Secretary of State for Employment, Mr Tom King, said that there were three key elements in the Government's strategy towards employment. First, the Government had to create an economic, financial and industrial climate in which enterprise could flourish. 'The priority is to control inflation. Without that, there is no prospect that industry and commerce will compete successfully, raise output and create jobs.' Secondly, the Government could help to improve the labour market 'by encouraging more and better training, and by removing obstacles which hamper employers taking on workers'. Thirdly, the Government could provide direct help for those worst affected by unemployment.

Mr King said that improvements in education and training were 'crucial to strengthening the economy'. Action would be taken in three particular areas: introducing new arrangements for in-service teacher training related to the Technical and Vocational Education Initiative; establishing a review of vocational qualifications; and introducing a new two-year Youth Training Scheme, under which, from April 1986, a second year of training would be offered to school-leavers aged 16 and a one-year place would be available to school-leavers aged 17. The Government's aim was that all young people leaving school would have the chance to obtain vocational qualifications. The measures resulted from a review of provision for those aged 14 to 18 carried out by the Minister without Portfolio, Lord Young of Graffham. They would 'help to put vocational education and training for our young people on a par with that of our main competitors overseas' and would help to 'create a more flexible labour force and more competitive economy'.

WHITE PAPER ON EMPLOYMENT

The White Paper on employment, published on 28 March,[1] describes the pattern of employment and of the labour market, and summarises the wide range of measures being taken by the Government to help to revive the economy, improve the working of the labour market and aid the unemployed. It points out that 'jobs come from customers and from nowhere else. That simple and enduring truth must underlie any useful discussion of employment. Jobs are created when businesses produce goods and services that people want at prices they can afford.'

Pattern of Employment

The potential labour force has continued to increase in recent years. Of some 33·5 million people in Great Britain of working age, around 26·5 million are in a paid job or seeking a job, 4 million more than in 1951 and 1 million more than in 1975. A higher proportion of people of working age is in the labour force, reflecting a substantial increase in the number of women in employment; between 1951 and 1984 the number of women in or looking for work rose from 7 million to nearly 11 million, while the number of men remained around 15 or 16 million. A higher proportion of the population of working age is in jobs in Britain (65·5 per cent in 1982) than in its three main competitors on the continent of Europe (France, the Federal Republic of Germany and Italy). The labour force will continue to grow, although at a slower rate, as the population increases and more women look for work.

The White Paper records a substantial shift, as has occurred in other countries, from manufacturing to service industries. Between 1955 and 1984 the share of employment accounted for by service industries in Great Britain rose from 45 to 65 per cent, while the proportion engaged in manufacturing declined from 40 to 26 per cent. Another feature has been a marked growth in the number of self-employed, from 1·7 million in the 1950s to over 2·4 million in 1984.[2]

[1] *Employment: The Challenge for the Nation*. Cmnd 9474. HMSO, £3·75. ISBN 0 10 194740 2.

[2] An article in the Manpower Services Commission's Labour Market Quarterly Report issued in February 1985 says that one of the most important features of recent employment trends has been the rise in self-employment. Between 1979 and 1984, while the number of employees in employment fell by 8 per cent, the number of self-employed rose by 32 per cent, to 2·465 million, equivalent to about one in ten of those in employment, the highest proportion since 1921. A much higher proportion of men than women is self-employed, but there has recently been a substantial increase in female self-employment, so that by 1983 nearly 6 per cent of women in employment were self-employed, compared with 12·5 per cent of men.

The number of part-time workers has increased by over 1 million in the last ten years, to nearly 5 million (24 per cent of employees), of whom some 85 per cent are women. Those in employment tend to work longer hours and have shorter holidays than do workers in most of Britain's major competing nations which have higher productivity, especially in manufacturing.

Unemployment in Britain, as in other countries, has increased rapidly, to over 3 million. High unemployment among the young 'is a worrying new feature', arising partly from the general shortage of jobs, but in Britain it also reflects a relatively high level of pay for the young as a proportion of adult earnings. Long-term unemployment has increased by more than the rate of unemployment as a whole, in particular because of the problems faced by young people lacking training and by older men with skills no longer in demand. Over 1·3 million people in Britain have been out of work for at least one year, 760,000 for over two years and 450,000 for more than three years.

Strategy for Jobs

These changes in the structure of employment, the White Paper says, 'reflect the biggest economic transformation since the first industrial revolution began two centuries ago'. The Government's strategy for jobs has three interconnecting parts: first, and most important, a sound and stable framework of economic and industrial policy, with top priority being given to the control of inflation; secondly, the encouragement of jobs in particular ways, for example, by removing obstacles which hamper employers hiring workers or by modernising training; and thirdly, direct action to tackle severe problems of unemployment for groups particularly hit by the changes in industry. Government action since 1979 is summarised in the White Paper and includes the control of inflation; the restraint of public expenditure; the removal of distortions in the tax system which had weakened the incentive to work and had hindered jobs; the removal of controls on pay, prices, dividends, credit and foreign exchange; the provision of incentives and other help to enterprise (especially small firms); the support of innovation and the exploitation of new technology; and the reshaping of regional policy (see pp 449-53, 1984). In connection with the labour market, action has included providing 'a surer and better-balanced framework of law for responsible and constructive industrial relations', removing the National Insurance Surcharge tax on jobs (see p 122, 1984), removing or easing impediments to recruiting workers, stimulating the reform of education and training, and financing major new efforts in training for young people and adults. New national attitudes and efforts, helped and stimulated by these policies, have begun to bring about an economic transformation. Inflation is at its lowest level since the 1960s, gross domestic product rose by over 9 per cent in the last four years, investment and exports are at record levels in real terms, and productivity in manufacturing has grown by an average of 3·5 per cent a year since 1979. In the year to September 1984 there was an estimated net increase in jobs of 340,000.

Weaknesses in the Labour Market

According to the White Paper, 'the biggest single cause of our high unemployment is the failure of our jobs market, the weak link in our economy'. 'A combination of obstacles and shortcomings has too often held people back from making themselves productive and affordable enough for employers to give them jobs.' To rectify this, the White Paper identifies a number of areas where improvements are required: in quality, so that businesses can find the increasingly demanding skills they need; in cost and incentives, so that people are neither prevented from pricing themselves into jobs nor deterred from taking them up; in flexibility, so that employers and employees adapt quickly to new circumstances; and in freedom, so that employers are not so burdened by regulation that they are reluctant to offer more jobs.

Role of the Government

The White Paper says that the main responsibility for instituting improvements rests with employers and with employees. The Government has a role, but it is limited – 'Government cannot do what the nation will not. It cannot on its own create jobs.' However, it must seek to maintain a dependable economic, financial and industrial climate to encourage enterprise and underpin business success, and it can help to improve the labour market by encouraging better training, more flexibility and fewer barriers of regulation and cost, and provide special help for those worst hit to help them into productive work. It 'has already done much to carry through this strategy for the fullest possible employment' and now 'proposes to do still more'.

Education and Training

The White Paper sets out the main changes recently proposed on education in England and Wales (see pp 134-6) and the announcement in the Budget (see p 116) of a major extension in the Youth Training Scheme. These are considered in more detail in the White Paper on education and training for young people (see p 127).

Improved training for the young, the White Paper on employment says, needs to be matched by more and better training (including retraining) for adults. The Government has launched a new adult training strategy (see pp 60 and 455-6, 1984) 'to make training more widespread, more flexible and more relevant to modern needs'. The Manpower Services Commission will be helping 250,000 adults in 1986-87, compared with 110,000 in 1983-84. The Government is supporting the development and application of new methods of learning, through the Manpower Services Commission's Open Tech programme (see p 60, 1984) which makes training at a technical and supervisory level more widely available by using open and distance learning techniques. The Department of Education and Science's Professional, Industrial and Commercial Updating Programme is helping industry, in collaboration with higher and further education institutions, to provide its workforce with the skills needed as technology develops. A pilot scheme of training loans to individuals is to be tested by the Government and details are being developed in the light of responses to a consultation paper (see pp 455-6, 1984).

Flexibility and Labour Costs

Widespread changes are taking place in the patterns of work, including increases in working flexible hours, earlier retirement, job-sharing, part-time working, working at home and self-employment, often as a

result of the growth of small businesses. New working arrangements must be mainly a matter for employers and employees. The Government cannot impose conditions without destroying the flexibility that makes them attractive, but voluntary changes can provide opportunities for the unemployed and it has introduced schemes to increase these opportunities: the Job Release Scheme, which enables older people to retire early providing that their job is filled by an unemployed person; the Part-Time Job Release Scheme, which enables older men and women to share their job with an unemployed person; and the Job-Splitting Scheme, which provides a grant to employers who split a full-time job to provide two part-time ones.

Much has recently been done to reduce restrictive practices and make industrial relations more constructive. 'Progressive reform of the law on industrial relations and trade unions has helped to restore a better balance of bargaining power in industry and to encourage responsible trade unionism.' Three major Acts – the Employment Act 1980 (see pp 21-3, 1980), the Employment Act 1982 (see pp 78-80, 1982) and the Trade Union Act 1984 (see pp 436-8, 1983, and pp 312-13, 1984) – 'have tackled the coercive abuse of secondary picketing and the closed shop, made trade unions more answerable for the effects of their actions, and given individual trade unionists a proper democratic voice'.

Improvements in productivity have helped unit labour costs to rise less fast in the 1980s than in the 1970s, but the rise remains greater than that experienced by some of Britain's main competitors. The biggest factor in increasing labour costs is the growth in earnings. Recent studies have indicated that employment could increase considerably if people accepted slightly lower rates of growth of earnings. The Government can help in various ways by reducing labour costs borne by employers, easing the pressure on wage settlements and giving the unemployed more incentive to move into a job by reducing the amount paid in tax and National Insurance. The 1985 Budget has taken action to raise income tax thresholds (see p 119), freeing 800,000 people from liability to income tax and making the threshold over 20 per cent higher in real terms than in 1979, and to encourage employment by lightening the National Insurance burden and reducing contributions in respect of low-paid workers (see p 119).

Deregulation

The Government has already greatly reduced the burden of regulation on business, but the White Paper says that more needs to be done. Action will be taken on two important issues: wages councils and employment protection law. Wages councils lay down minimum rates of pay and detailed conditions of employment for 2·75 million workers in 26 industries, primarily in service industries such as retailing, catering and hairdressing. The White Paper says that the system impedes the freedom of employers to offer and jobseekers to take jobs at wages that would otherwise be acceptable and so restricts job opportunities, especially for the young. The system has become 'too complex and rigid'. The Government believes that there are only two options for action – abolition of the councils or major reforms of their powers and functions – and has issued a consultation paper[1] on these options, seeking comments by the end of May 1985. Subject to the outcome of consultation, the Government proposes to end ratification of the relevant International Labour Organisation Convention, which could restrict the Government's freedom of action in an area of public concern.

Concern about burdens imposed by employment protection law can make employers reluctant to hire workers. The most significant worry is about claims of unfair dismissal, leading to industrial tribunal proceedings, and the Government has taken action to deter ill-founded claims and, where the employer has 20 or fewer employees, extended from one year to two years the qualifying period before unfair dismissal can be claimed. The Government has now decided that the two-year qualifying period should apply to employees in all companies, irrespective of size.

Help for the Unemployed

The Government has a wide range of special schemes to help the unemployed to cope with new circumstances and adapt to employers' new needs. The most significant schemes are the Enterprise Allowance Scheme, the Job Release Scheme (see above) and the Community Programme. The Enterprise Allowance Scheme helps unemployed people who wish to start their own business, but would be deterred by the prospect of losing social security benefit once they began. Entrants, who must have available at least £1,000 to invest in the business, are paid an allowance of £40 a week for a year; since its launch throughout Great Britain in 1983 some 65,000 people have benefited from the scheme. The Community Programme provides a year's employment for the long-term unemployed on projects of benefit to local communities. Some 130,000 places are available under the programme and up to 200,000 people benefit in a year. In 1984-85 over £2,000 million was spent on the Government's range of employment and training measures and nearly 700,000 people were directly helped, mostly in the two groups in greatest need, the young and the long-term unemployed.

The Government intends to make further substantial increases in programmes to help these groups. As well as expanding the Youth Training Scheme, the Community Programme will be increased by 100,000 places, to 230,000. An extra £140 million will be provided for the programme in 1985-86 and £460 million in 1986-87; the cost in 1984-85 was some £550 million. As part of the expansion, £10 million will be available to explore new approaches: widening its scope to include new activities in the public and private sectors; giving charities financial aid to take the long-term unemployed into helping with their activities; and finding further ways of helping the long-term unemployed within the Voluntary Projects Programme (which enables unemployed people to take voluntary work without losing their entitlement to unemployment benefit or supplementary benefit). Further funds are being allocated to the Enterprise Allowance Scheme from April 1985 so that up to 1,250 unemployed people can now enter it each week, an increase of 25 per cent.

[1] *Consultative Paper on Wages Councils.* Available unpriced from the Department of Employment, Industrial Relations Division II, Steel House, Tothill Street, London SW1H 9NF.

The White Paper says that the Government's strategy and the economic revival will in the long run 'provide the opportunities for new jobs, backed by the freeing and strengthening of the labour market needed to enable the opportunities to be taken up. Meanwhile, however, these carefully-targeted and cost-effective measures will help many of those worst hit by unemployment and will improve their chances of getting back into work.'

WHITE PAPER ON EDUCATION AND YOUTH TRAINING

The White Paper on education and training for young people, published on 3 April,[1] outlines the new government initiatives on the work-related education and training of young people between the ages of 14 and 18. The White Paper on a new training initiative in 1981 (see pp 178-80, 1981) had set national training objectives for the modernisation of training in occupational skills, with particular emphasis on training to agreed standards; better preparation in schools and colleges for working life and better arrangements for the transition from full-time education to work; and wider opportunities for adults to acquire and improve their skills. Progress was summarised in the 1984 White Paper *Training for Jobs* (see pp 59-61, 1984) and subsequently further action has been taken in developing provisions for young people and in widening training opportunities for adults.

Developments in Full-time Education

The White Paper *Better Schools* (see p 134) describes the measures being taken in England and Wales by the Government, together with the rest of the education service, on the curriculum, examinations and teaching quality. They are designed to develop in pupils and students 'the positive personal qualities which will provide the necessary broad, balanced and practical foundation for vocational specialisation and for training in a technological society'. A new Certificate of Pre-Vocational Education will provide courses of general education with a strong vocational bias for young people who choose to remain in full-time education for one year after the compulsory period ceases at the age of 16. New General Certificate of Secondary Education examinations, due to replace the General Certificate of Education at Ordinary ('O') level and the Certificate of Secondary Education, will 'place more emphasis on practical competence and problem-solving approaches'. Links between schools and industry are being reinforced. A range of projects, including the Micros in Schools Scheme, the Microelectronics Education Programme and British School Technology (see pp 142-4, 1984, and p 55),[2] is aimed at providing a more relevant education.

In Scotland two major development programmes are in progress involving the revision of courses for those aged 14 to 16 to incorporate a much greater emphasis on problem-solving and on the use of practical and oral skills in the application of knowledge; and the revision (now nearing completion) on a modular basis of all non-advanced further education qualifications.

[1] *Education and Training for Young People.* Cmnd 9482. HMSO, £2·25. ISBN 0 10 194820 4.

[2] For more detailed information see COI reference paper *Microelectronics in Britain's Schools,* No 239/85.

Technical and Vocational Education Initiative

In 1982 the Government announced the Technical and Vocational Education Initiative with the aim of stimulating the provision of technical and vocational education for those aged 14 to 18 in a way which would 'widen and enrich the curriculum and prepare young people better for the world of work'. The initiative, administered by the Manpower Services Commission, 'has powerfully reinforced moves towards the development of a more relevant curriculum and closer collaboration between education and industry.' Some 62 projects have begun and by 1986 the great majority of education authorities will be participating in the initiative.

Developments in Youth Training

The most significant training development for young people since 1945, the White Paper says, was the launch in 1983 of the Youth Training Scheme, which provides 16-year-old school-leavers and unemployed 17-year-old school-leavers with a year's integrated training and work experience. Most entrants take up places offered by employers on 'Mode A' schemes, providing a planned programme of work experience and on-the-job training, while about one-quarter of trainees are involved in 'Mode B' schemes in which they train at information technology centres and training workshops, or on community-based schemes, and receive a planned programme of work experience and, where possible, on-the-job training at employers' premises. The White Paper says that the scheme's achievements are considerable: over 700,000 young school-leavers have entered the scheme; 4,000 managing agents and 1,500 sponsors of Mode B schemes have provided some 400,000 approved places; more than 60 per cent of those leaving the scheme take up jobs; and over 160 information technology centres have been established. The scheme has provided structured, work-based training including a minimum of 13 weeks off the job (a new feature for many school-leavers); introduced training in many sectors where no such opportunities existed; encouraged a significant move away from time-based training patterns; emphasised the contribution of education and training for young people's personal development; and provided a major advance in the competence of trainers.

The Need for Change

The White Paper says that, in spite of recent developments, much remains to be done. Of the leading industrial nations, only in Britain do the majority of 16-year-olds seek to enter the labour market directly from school. In addition, apprenticeships (which traditionally provide the main source of occupational skill training, particularly in manual occupations) have failed to provide an adequate response to Britain's emerging skill needs. There are three features apparent when comparing Britain's position with that of its main competitors: first, employers in other countries are making a significantly larger contribution to vocational education and training than in Britain; secondly, in virtually all these other countries young people are treated as learners at least until the age of 18 and this is reflected in their status and remuneration; and thirdly, many of Britain's competitors do not have such an acute problem of youth unemployment because of their better developed provisions for education and

training. The Government believes that new opportunities for vocational education and training up to the age of 18 should be offered, with the objective of producing by that age a very much larger flow of qualified young workers capable of meeting the skill requirements of a modern economy. With the aim of achieving the target that all young people should enter the labour market with a qualification (either general or work-related) relevant to employment, the Government proposes three related initiatives: the development of initiatives in full-time education, the extension of the Youth Training Scheme, and the establishment of a working group to review vocational qualifications in England and Wales.

Development of Initiatives in Full-time Education

The Government is considering the wider application of lessons emerging from the Technical and Vocational Education Initiative. 'The Government's objective is that all young people in school should have the opportunity of following a more relevant and practical curriculum leading to the achievement of recognised standards of competence and qualification.' Additional resources (£25 million over the two years beginning 1985-86) are being allocated to support in-service teacher training related to the initiative in Great Britain pending the introduction of the new scheme of funding for in-service training in England and Wales (see p 136).

Extension of the Youth Training Scheme

The Government is launching a major expansion of the Youth Training Scheme with effect from 1 April 1986. Building on the existing scheme, it will provide those aged 16 and 17 who do not enter full-time education with job-related training leading to a recognised vocational qualification. Those leaving school at 16 will have the opportunity of two years of training and those leaving at 17 one year of training. The expanded scheme, which will be open to both employed and unemployed young people, will be primarily employer-based. The Manpower Services Commission will hold consultations with employers, trade unions, local authorities and others involved and report to the Secretary of State for Employment by the end of June 1985 on the content, funding and administration of the extended scheme.

The Government expects a substantial contribution towards the costs of the scheme from employers, who are likely to benefit substantially through a more versatile and more productive workforce. For its part, subject to a satisfactory outcome of the consultations to be undertaken by the Manpower Services Commission, the Government is prepared to make available additional resources of £125 million in 1986-87 and £300 million in 1987-88, increasing its contribution in these years to £925 million and £1,100 million respectively.

The new scheme will remove the need for the Young Workers Scheme (introduced in 1982 to encourage employers to provide more jobs for young people at wages reflecting their lack of training and relative inexperience) and the scheme will close for applications from employers (who receive £15 a week for each young employee they take on at a gross wage earning £50 a week or less) at the end of March 1986. The Government will keep under review the Community Industry Scheme, which provides temporary job opportunities for personally and socially disadvantaged young people between 16 and 19.

Review of Vocational Qualifications

There is a complex system for the certification and assessment of vocational knowledge and skills and, although the White Paper says that it has many good features, 'there are also marked weaknesses which are becoming more serious as the pace of change increases and as the demand grows for the mobility of skills'. Accordingly, the Government is inviting the Manpower Services Commission to establish, with the departments concerned, a working group including representatives of employers, employees, examining bodies and local authorities to review the structure of vocational qualifications in England and Wales. The review is expected to concentrate initially on improving the structure of qualifications to meet the needs of the extended Youth Training Scheme. The group will be asked to complete its work within a year and to prepare an interim report by the end of September 1985.

Business Regulation

A study of regulatory burdens and their impact on enterprise and job creation, published by the Government on 29 March, concludes that, by reducing these burdens, the Government can help to encourage the growth of businesses and hence the creation of jobs, particularly in small businesses. The Minister without Portfolio, Lord Young, is to lead a co-ordinated initiative within the Government to consider and follow up the options identified.

In August 1984 the Prime Minister, Mrs Margaret Thatcher, announced that a scrutiny team had been asked to review, within the framework of the Government's policy on taxation and public expenditure, the burdens imposed on business by administrative and legislative requirements of local and central government, with particular reference to smaller businesses. The investigation was co-ordinated by the Parliamentary Under-Secretary of State for Industry, Mr David Trippier, and involved seven government departments.[1] In a foreword to the resulting report,[2] the Secretary of State for Trade and Industry, Mr Norman Tebbit, writes: 'Most businesses, large or small, need to cope with regulations; they have to, if they are to survive. Each separate area of government intervention, considered in isolation, may seem modest in the demands it makes on them. But this report looks at the problem as a whole. It makes clear that the cumulative burden of regulation is a serious brake on enterprise and employment. Government requirements add significantly to business costs – particularly costs to management time. They deter new business start-

[1]The Departments of Trade and Industry, the Environment, Employment and Health and Social Security, and the Home Office, Customs and Excise and Inland Revenue.

[2]*Burdens on Business: Report of a Scrutiny of Administrative and Legislative Requirements.* HMSO, £5·25. ISBN 0 11 513820 X.

ups and expansions .... Controls are necessary in some areas to ensure that the market works humanely, fairly and efficiently. These must be maintained. But we can reduce regulatory burdens, without destroying essential protections for employees, consumers and the general public.'

Nature of the Burdens

The report identifies two main kinds of costs incurred in complying with government regulations ('compliance costs'): staff time expended in understanding and meeting the requirements; and direct expense on, for instance, machinery needed to comply with the requirements. For most businesses, especially small businesses, staff time is the key element in the requirements burden. A determined drive to contain regulatory burdens would offer benefits for jobs as reductions in compliance costs fed through into prices and profits. Reducing the burden would also cut down the small number of traders who obtain an unfair advantage by failing to comply with the requirements.

The report recommends that action be taken on three fronts to reduce compliance costs: the scope and content of requirement systems; their enforcement; and communications between government and business about them.

Changes in Requirements

The report lists options for action on existing requirements in areas ranging from Pay as you earn (PAYE – a tax on income deducted at source) and Value Added Tax (VAT – a sales tax) to company and consumer law. The options include:

—placing PAYE onto a *non-cumulative* basis (see footnote on p 116), which, for employers, could open the way to combined calculations for PAYE and National Insurance Contributions;

—exempting more small firms from paying VAT, improving bad debt relief in the VAT system and introducing monthly payment arrangements to help small businesses with VAT;

—making statutory sick pay easier to integrate with firms' existing pay-roll systems and allowing businesses to opt out of the statutory sick pay system where they prefer to pay sick employees at the appropriate rate;

—cutting planning burdens by speeding up local decisions on small developments and by introducing 'simplified planning zones' to make it easier for firms to change the use of commercial premises and to assist people starting businesses in their own homes;

—rationalising building regulations, with particular reference to the conversion of existing premises;

—increasing flexibility in the application of fire precautions to premises presenting minimal fire risk;

—redressing the balance in favour of employers in unfair dismissal cases and abolishing or relaxing the control of Wages Councils (see p 126) over young people's wages; and simplifying and rationalising, without loss of essential protection, statutory health and safety provisions (see p 131);

—eliminating the present statutory audit of accounts for shareholder-managed small businesses; reducing and simplifying the content of accounts and balance sheets required from small firms; and simplifying annual return requirements;

—giving greater emphasis to self-certification systems in the enforcement of weights and measures requirements; using the planned introduction of a new general statutory duty on product safety as a basis for containing detailed regulations in this area; and simplifying and rationalising consumer credit requirements.

Enforcement and Government/Business Communication

The report notes that the concern of small firms about government requirements often emerges as criticism of enforcement practice. Action is proposed to make enforcement activity simpler and more consistent in its impact on business enterprise. The review team recommends that new disciplines be introduced in regulatory departments to make regulators in government as conscious of compliance costs imposed on business as they are of their own management costs, and that there be more direct contact with small businesses. It would also like to see the formation of a small task force to monitor the applications of these new disciplines and action taken in the European Community to increase awareness of regulatory burdens. Co-ordinated action on all the main requirement systems should be taken to tackle the communications gap between government and business.

Follow-up Action

The Government has already acted on some of the proposals, for example on VAT and unfair dismissal law, and is consulting on the reform of Wages Councils. The implications of changes to the PAYE system are to be covered separately in a Green Paper on the reform of personal taxation.

The report was published as a discussion document in advance of decisions on its proposals as a whole to stimulate thought and comment inside and outside the Government.

Abolition of the British National Oil Corporation

The Government has announced its intention to abolish the British National Oil Corporation, the state-owned oil trading company.

In a statement in the House of Commons on 13 March (*Hansard*, Vol 75, No 72, cols 305-6), the Minister of State for Energy, Mr Alick Buchanan-Smith, said that changes in the structure of the oil market had shifted the balance of advantage against the retention of the British National Oil Corporation (BNOC) in its present form. BNOC had operated by purchasing and selling oil under 'term contracts' at prices fixed for a period of months ahead, which had enabled it to make a contribution to the stability of markets in the short term. However, the oil market had moved away from term contracts and towards 'spot market' and similar short-term transactions, and this trend was unlikely to be reversed in the near future. In these circumstances

BNOC could avoid the risk of losses only by linking its prices closely and continuously to movements in the spot market. 'Such a system would mean that BNOC could no longer contribute to stability in the market' and the Government had concluded that this shifted 'the balance of advantage decisively against the retention of BNOC in its present form'. He saw no advantage in retaining a public sector body to operate on such a basis.

Mr Buchanan-Smith said that the Government considered it 'essential to retain powers that would enhance security of supply if that proved to be necessary'. It would therefore retain the participation agreements with the oil companies operating on the United Kingdom Continental Shelf (under which BNOC had had the option to acquire up to 51 per cent of the oil produced), and would also retain the right to receive oil from the Continental Shelf licensees as royalty payments-in-kind. These two functions together would enable the Government to ensure the security of oil supplies. One other function of BNOC, the management of the Government's oil pipelines system (which was important for both defence and civil purposes), needed to be retained as well. The retention of these three functions required the establishment of a small-scale government oil and pipelines agency, and legislation would be introduced to abolish BNOC and set up the agency.

Opposition View

Mr Ted Rowlands, a Labour Party spokesman on energy, noted that the minister had recently told the House of Commons 'of the important, vital and crucial role that BNOC could play and was playing in securing and controlling the nation's oil supplies'. He doubted the Department of Energy's ability to handle participation agreements and the complex problems of buying and selling oil, and criticised the dismantling of 'a highly successful and profitable corporation'.

Halley's Comet

Halley's comet is to be the subject of a major scientific investigation during 1986. The comet, which was last visible from earth in 1910, approaches the earth every 76 years. Six spacecraft, including two from the Soviet Union, two from Japan, and one from the United States, will pass close to the comet; but the most important data will be provided by the European Space Agency's Giotto spacecraft. Giotto has been built for the Agency by British Aerospace, which leads a team of 21 European contractors.

Measuring 3 metres[1] by 1·8 metres, the spacecraft will be launched by an Ariadne launch vehicle from Kourou in French Guiana in July 1985. Its eight-month journey will culminate in March 1986 in a rendezvous with the comet at a distance of 150 million km from earth.

[1]One metre = 39·370 inches; one kilometre = 0·621 mile; one millimetre = 0·039 inches; one gramme = 0·035 ounces (avoirdupois).

The spacecraft is named after the Florentine painter Giotto di Bondone, whose depiction of the Star of Bethlehem in his famous fresco 'The Adoration of the Magi' is thought to be based on the 1301 apparition of the comet.

Edmond Halley

The comet is named after Edmond Halley (1656-1742), the British astronomer, who observed it in 1682 and later predicted that it would return in 1758. A professor of geometry at Oxford, and a future Astronomer Royal, Halley (who had earlier paid for the first printing of Newton's *Principia*) made the first practical application of Newton's work on planetary movements. Computing the orbits of 24 comets, he had noted that three, the comets of 1531, 1607 and 1682, were very similar, and became convinced that they were apparitions of a single body. On this basis, he predicted its reappearance in 1758; and the comet's return, observed on Christmas day in that year, verified Halley's forecast.

Scientific Importance of Comets

Comets, which are composed of frozen gases, dust and ice, are kept from the Sun's warmth by virtue of their long elliptical orbits. During the part of their orbit in which they approach the Sun, the frozen substances evaporate to form a halo of gas (the coma) around the nucleus of the comet. As the comet nears the Sun, the gases and dust are blown away to form the characteristic tail.

Comets were formed at about the same time, and from the same materials, as the solar system. Since their usually frozen state keeps them relatively unchanged, it is hoped that investigations of their characteristics will provide important scientific information about the formation of the Sun and the planetary system. Most comets, however, enter the inner solar system at short notice; the 1986 return of Halley's comet, which can be predicted with considerable accuracy, is therefore a rare opportunity to study the composition of a large comet.

The Giotto Spacecraft

In order to complete its mission successfully, the spacecraft must intercept the comet's path, survive the meeting for long enough to complete its programme of scientific experiments, and communicate the results to the Parkes tracking station in Australia. The Giotto design team has sought to reduce the development risks by utilising, where possible, already developed technology and equipment. The craft has been subjected to rigorous testing, which has simulated the conditions of launch, cruise and encounter with the comet.

Giotto will fly through the tail, enter the coma and aim to within 1,000 km of the nucleus, travelling at 68 km per second. It will carry out ten scientific experiments, and transmit the results, together with colour pictures of the comet's nucleus, via a radio frequency link. This is made possible by a carbon-fibre antenna which, at one metre in diameter, is one of the largest carbon-fibre structures ever made. Giotto's cameras will take one colour picture every four seconds, and the several thousand pictures produced will yield information about the way in which the nucleus sheds gas to form the comet's tail. In addition, two mass spectrometers will analyse the composition

of the coma, and two plasma analysers will provide data on the behaviour of charged particles in the complex magnetic and electrical fields surrounding the comet. Other scientific experiments on the spacecraft include one from the University of Kent which uses the entire body of the spacecraft as a Dust Impact Detection System, to measure the size and speed of dust particles in the coma.

In order to conduct these experiments properly, however, Giotto will have to pass as close as possible to the comet's centre, thereby exposing itself to the full impact of the high velocity dust particles in the coma. At a closing speed of 68 km per second these particles will behave as a high temperature plasma which could burn through the spacecraft. Giotto's defences are threefold. The spacecraft is cylindrical in design, and will pass through the coma spinning on its central axis at 15 revolutions per minute. It is further protected by two shields. The first of these, 1 mm thick, should vaporise dust particles up to 0·1 g in size; the second shield, 14 mm thick, then dissipates the vapour. Giotto also incorporates a sophisticated thermal control system, which will protect its instruments from the heat of the sun. The system is in two parts: a 'passive' system consisting of reflecting surfaces, including strips of gold foil, on the antenna and instrument panel; and an 'active' system of heaters and adjustable reflectors allowing the heat to be balanced through the spacecraft.

International Halley Watch

Studies of the comet are being co-ordinated by International Halley Watch, an organisation of astronomers with headquarters in the United States and the Federal Republic of Germany. The comet has already been photographed by some of the world's largest optical telescopes, which has allowed astronomers to make some studies of the chemical composition of the coma and tail, but the more important studies of the nucleus, which is hidden from the telescopes by the coma, will take place after Giotto's encounter with the comet.

Shorter Notes

HEALTH AND SAFETY AT WORK

Changes in the nature of industrial risks, and their implications for organisations responsible for health and safety at work, are discussed in the Health and Safety Commission's biennial plan of work, published on 12 March.

The plan reviews developments in industrial health and safety since the Health and Safety at Work Etc Act 1974, and contains the Commission's proposals for the ten years from 1985-86. The Commission notes that the structure of employment has altered, with fewer people employed in the most hazardous industries (primarily mining, shipbuilding, agriculture and railways), and that accidents have declined in the traditional industries. This trend has been proportionately greater than the decline in manufacturing employment, reflecting the success of programmes for industrial safety. Together with the growing number of new substances and pathogens in industrial use, and developments in electronics that have created new possibilities for the control of industrial processes, this changing pattern of work activity may, the Commission suggests, require a shift in emphasis in its work and that of the Health and Safety Executive (HSE). The Commission is considering plans for a system of 'safety assurance', which would enable some firms, with proper safeguards, to design and manage their own safety programmes. This system would build on methods developed by the HSE's Accident Prevention Advisory Unit. Increasing attention should also be devoted to ensuring that safety considerations are incorporated in the design of industrial equipment and processes.

The Commission reasserts the importance of workplace inspection, which, it points out, reassures employees that there will be intervention where necessary and protects employers whose high standards may be at risk from competitors. The plan also explains the relationship between the enforcement role of the HSE and that of local authority associations, and describes a number of joint initiatives designed to align more closely their respective inspection practices.

Source: *Health and Safety Commission: Plan of Work 1985-86 and Onwards.* HMSO, £4·50. ISBN 0 11 883786 9.

CHANNEL FIXED LINK

Following a number of meetings between British and French ministers, guidelines for promoters of a fixed link across the English Channel have been issued[1] and the closing date of 31 October 1985 set for receipt of proposals. Various schemes for a fixed cross-Channel link (bridges, tunnels and combined schemes) have been put forward and in 1984 the Anglo-French Banking Group's report on finance for a fixed link was submitted to ministers (see p 233, 1984). In a statement in the House of Commons on 2 April, the Secretary of State for Transport, Mr Nicholas Ridley, said that in November 1984 he had met the French ministers responsible for transport to discuss the possibility of a fixed link across the English Channel. They had reaffirmed both governments' willingness 'to take whatever steps might be necessary to facilitate the construction of a fixed link between the United Kingdom and France within the framework of the European transport network', and had agreed that the project, for which essential political guarantees would be provided, 'should be financed without support from public funds or government guarantees against commercial or technical risks and on the basis of conditions prevailing on the international financial markets'.

Mr Ridley said that on 20 March he had held another meeting with the French ministers to consider the report of a working group of officials of both governments which had been established to draw up guidelines to potential promoters. The ministers had decided on the final texts of the guidelines and had also agreed on the closing date of 31 October 1985 by which

[1] *Invitation to Promoters for the Development, Financing, Construction and Operation of a Channel Fixed Link between France and the United Kingdom.* Available unpriced from the Department of Transport, 2 Marsham Street, London SW1P 3EB.

proposals were required. The governments would aim to reach a decision around the end of 1985 on which proposal, if any, they considered should be enabled to proceed. He was concerned to ensure that 'there is adequate public consultation, that environmental, social and employment impacts are fully appreciated and that the financial conditions are fully met'. All these matters would be carefully considered before the two governments reached a decision.

Source: *Hansard*, Vol 76, No 93, col 1080.

VEHICLE EMISSIONS

European Community environment ministers have agreed in principle to the framework for a new directive which would set stricter limits on vehicle emissions. Mr William Waldegrave, Parliamentary Under-Secretary of State for the Environment, said in the House of Commons on 25 March that the agreement represented 'a major improvement on European vehicle emission standards. It also recognised Britain's 'concern to balance industrial and consumer factors with the need for increased environmental protection'.

The tighter limits would apply to new cars, starting in four years' time, on the basis of a distinction between large, medium and small cars. Mr Waldegrave said that the expensive three-way catalytic converter technology might now be required only for large vehicles over 2,000 cc, while medium cars (1,400 cc – 2,000 cc) would have standards achievable by simple 'lean burn' technology (now being developed in Britain and elsewhere) combined with oxidation catalysts or comparable cost-effective technology. The limits for small cars (below 1,400 cc) would be tightened from 1990 as an interim measure before further reductions in vehicle emissions to be agreed in 1987 and implemented in the early 1990s. Ministers had agreed that individual member states (such as the Federal Republic of Germany) with serious environmental problems would be able to start a limited incentive scheme from July 1985 to encourage the purchase of cars meeting the new limits. The precise limits had not yet been agreed, but the relevant work to enable the limits to be drawn up should be completed by the end of June 1985.

Mr Waldegrave also reported that ministers had agreed to adopt a directive (which had resulted from a British initiative) providing for the introduction of unleaded petrol in the Community not later than 1989, or earlier if individual member states wished.

Source: *Hansard*, Vol 76, No 87, written answers, cols 5-6.

SUPPORT FOR INNOVATION

The introduction of a number of measures to improve the effectiveness of the Support for Innovation scheme (see pp 296–7, 1982) was announced in the House of Commons by the Secretary of State for Trade and Industry, Mr Norman Tebbit, on 25 March during a debate on the Budget.

The new measures represent a change in emphasis which will ensure that the Department's support will be more precisely targeted and that it achieves more effective improvements in British technology. The proportion of aid going on advisory services, the encouragement of best practice, improvements in the supply of key skills, and collaborative research will be increased, which should improve the capacity of a wide range of companies to exploit technological opportunities. At the same time, the proportion of aid going to projects near the market, for which, the Government believes, individual companies should bear the primary responsibility, will be reduced.

The Department's aim is to concentrate support on innovative projects which represent a significant advance for the industry or sector concerned and which involve a relatively high level of technical and commercial risk but offer good potential benefits if successful. The normal minimum project size will be doubled to £100,000. Small firms, however, will still receive support for projects costing less than £100,000 and will continue to benefit from simplified administrative procedures and less stringent eligibility criteria.

Support will be open to all firms operating in Britain, including sole traders and partnerships. The main form of assistance will be a grant of up to 25 per cent of the eligible costs. Collaborative, longer-term applied research projects which are carried out by a consortium of more than two organisations may be eligible for a higher rate of grant, normally up to 50 per cent. Eligible costs will usually be subject to a maximum of £5 million.

Within these revised arrangements, certain key technologies such as microelectronics, fibre optics and computer software will continue to be emphasised and some of these technologies will also continue to qualify for support in respect of investment projects under the Industrial Development Act. Support for aircraft and aero-engine research and development will continue, but at a reduced level.

Before supporting projects the Department will have to be satisfied that without its aid either the project would not go ahead at all; or it would be completed in a significantly longer timescale; or it would not be undertaken on such a large scale; or it would not be possible to introduce features which would enhance its potential rate of return.

The revised Support for Innovation scheme will form one element of a restructured package of Department of Trade and Industry schemes of assistance for industry and commerce which was announced by Mr David Trippier, the Minister with special responsibility for small firms, on 27 March (see also p 321, 1984). Mr Trippier said that the number of schemes had grown to 64 and that this proliferation was confusing to industry and especially to small businessmen. These schemes have now been brought together under four headings: advisory services, innovation, investment and exports. The revised package is explained in a pamphlet entitled 'Support for Business' and would come into operation on 1 April.

Mr Trippier also announced changes in the area of advisory services for manufacturing and design (see

p 211, 1982). Previously firms with 60 to 1,000 employees were eligible, but henceforward the qualifying level will be 1 to 500 employees. This represents a marked shift in favour of small and medium firms. The minister said that the new arrangements for aid would provide a better service for industry and commerce.

The scheme of assistance to the textile industry announced during the debate on the 1984 Budget (see p 136, 1984) has not been approved by the European Commission and will not now be implemented.

Sources: *Hansard*, Vol 76, No 87, cols 38–9; Department of Trade and Industry press notices, 25.3.85 and 27.3.85.

Better Schools

Government plans to improve the standard of school education in England and Wales in order to prepare pupils for the demands of the modern world are described in a White Paper published in March. Its proposed reforms will cover four main areas: the school curriculum, examinations, teaching quality and school government. Specific plans include the introduction of a new General Certificate of Secondary Education for pupils aged 16 and over and of a system of appraisal of teachers' performance, and provision for equal numbers of parent and local authority representatives on school governing bodies. Other subjects discussed include the education of the under-fives, school discipline, the education of ethnic minority pupils, and independent schools.

In a statement on the White Paper[1] to the House of Commons on 26 March (*Hansard*, Vol 76, No 88, cols 215–27), the Secretary of State for Education and Science, Sir Keith Joseph, said that schools needed to develop to the full the capacities of every pupil, and to promote the nation's ability to seize the challenging opportunities of a technological and competitive world; to build on Britain's values and traditions, and its ethnic diversity; and to educate pupils for the responsibilities of citizenship and working life. Both what was taught and how it was taught needed to serve these purposes better than was now the case. National standards would rise dramatically if all schools matched the present achievements of the best schools. The Government had a duty in law to take a lead in ensuring that all Britain's schools had an effective curriculum, effectively delivered by those responsible.

The programme of action set out in the White Paper would take time to accomplish in its entirety, and it might be difficult to achieve it in full within existing real levels of expenditure. Much progress could be made, however, if the education service achieved the best possible results from the resources already available. Much that needed to be done was neither a question of money nor of action by the Government alone. The education service was a partnership, and all concerned should work together to raise standards of achievement and behaviour at every school.

[1] *Better Schools*. Cmnd 9469. HMSO. £6·40. ISBN 0 10 194690 2. (A booklet summarising the White Paper is available free from Publications Despatch Centre, Department of Education and Science, Honeypot Lane, Stanmore, Middlesex HA7 1AZ.)

THE WHITE PAPER

The Government's principal aims for all sectors of education are, first, to raise standards at all levels of ability, and second, to secure the best possible return from the resources which are invested in it. In the schools sector there has been great progress in the past 40 years and many schools achieve high standards. Both primary and secondary schools generally provide a broad curriculum across a wide range of ability, foster the personal and social development of their pupils, and have coped successfully with challenges such as changes in the social and ethnic composition of their areas, and the needs of the handicapped and others with special educational needs. These improvements have been reflected in high levels of achievement in public examinations.

The Government believes, however, that the standards now generally attained are neither as good as they could and need to be if young people are to be equipped for the world of the twenty-first century. By the time they leave school, pupils need to have acquired, far more than is the case at present, the qualities and skills required for work in a technological age.

A weakness found in about three-quarters of primary and middle schools lies in the area of curricular planning and its implementation. In a majority of schools over-concentration on the practice of basic skills in literacy and numeracy, unrelated to the context in which they are needed, means that these skills are insufficiently extended and applied. In many secondary schools there is little evidence of agreed curriculum policies directly influencing the school as a whole. To tackle these weaknesses and to improve standards will require action in four areas of policy: to secure greater clarity about the objectives and content of the curriculum; to reform the examination system and improve assessment so that they promote more effectively the objectives of the curriculum, the achievements of pupils, and the recording of those achievements; to improve the professional effectiveness of teachers and the management of the teaching force; and to reform school government and harness more fully the contribution which can be made to good school education by parents, employers and others outside the education service.

The White Paper sets out the action which the Government plans in each of these areas, in conjunction with the other partners in the education service (local education authorities, teachers, school governing bodies, the churches and other voluntary bodies).

The Curriculum

In order to achieve effective learning in schools, the curriculum offered to each pupil should reflect four fundamental principles: it should be broad, balanced, relevant and differentiated. A broad curriculum would introduce the pupil to a wide range of areas of experience, knowledge and skills; in a balanced curriculum, each subject would be allotted sufficient time to make its specific contribution, but not so much that it squeezes out other essential areas; in a relevant curriculum, all subjects should be taught in such a way as to make plain their link with the pupils' own experience and to bring out their applications and continuing value in adult work and life; and in a differentiated curriculum what is taught and how it is taught needs to be matched to pupils' abilities and aptitudes in order to stimulate and challenge all pupils, including the most and the least able.

A curriculum founded on these principles would serve to develop the potential of every pupil and to equip all for the responsibilities of citizenship and for the formidable challenge of employment. Schools should always remember that preparation for working life is one of their principal functions.

Primary education, says the White Paper, is as important as secondary education. From the beginning of primary education and throughout the compulsory period up to age 16 each stage should help pupils to make the most of the process of growing up, to develop positive personal qualities and attitudes, and to establish solid foundations for what follows. Throughout primary education and for the first three years of secondary education the curriculum should continue to be largely common to all pupils, but varied in pace and depth for differences in ability and maturity. In the interests of breadth and balance, the curriculum for 11- to 16-year-olds should contain, in addition to religious education, English (including English literature), mathematics, science, a study of the humanities, aesthetic subjects, practical subjects, physical education, and a foreign language for most pupils. Provision should be made in Welsh schools for Welsh-language teaching and for the acquisition of familiarity with the Welsh heritage and culture. The curriculum should also continue to develop positive personal qualities and attributes, consolidating pupils' understanding of the values and foundations of British society, and fostering social and study skills. There should also be some awareness of economic matters, health and sex education, and moral and political education.

Ways of improving the link between education and training for employment are being tested under the Technical and Vocational Education Initiative (see pp 415-16, 1982) which is supporting pilot projects in most local education authorities in England and Wales (as well as in Scotland) for courses at schools and colleges for 14- to 18-year-olds leading to recognised national qualifications over a four-year period. The courses are designed to cater equally for boys and girls with technical and vocational aspirations across the whole ability range and to offer in the compulsory years a broad general education with a strong technical element followed, after the age of 16, by increasing vocational specialisation.

The Government's longer-term aim is to raise pupil performance at all levels of ability, so as to bring 80 to 90 per cent of 16-year-old pupils at least to the level of attainment now expected and achieved by those of average ability in individual subjects (that is, Grade 4 in the Certificate of Secondary Education – CSE – examination); and to do so over a broad range of knowledge, understanding and skills in a number of subjects.

Examinations

For most pupils, says the White Paper, compulsory education ends in assessment through public examinations. This should continue to be the case, because examination results are an important means of assessing achievement and act as a stimulus to good performance. Reforms are necessary, however, in several aspects of secondary examinations and assessment, and in 1983 a Secondary Education Examinations Council was set up to advise on how the examinations system could best meet the needs of the education service and its clients.

To remedy the weaknesses of the present system examinations taken at the age of 16 plus (the General Certificate of Education (GCE) Ordinary level, the CSE, and certain other examinations) will be replaced by a new, single General Certificate of Secondary Education with a seven-point scale of grades, A to G; the first examinations will be held in 1988. The main features of the new system will include the introduction of nationally agreed criteria which will place a new emphasis on oral and practical skills and coursework, on reasoning and on the application, as well as on the acquisition, of knowledge and understanding; the use of differentiated papers or questions in each subject to enable each subject to be taught in a way that reflects the widely differing abilities of candidates; and the use of grade-related criteria to specify the knowledge, understanding and skills expected for the award of particular grades (see pp 280-1). The present system of GCE Advanced (A) levels, usually taken at the age of 18, will be retained, but to give greater breadth to the curriculum of those engaged in A-level studies without reducing standards there will be a new set of examinations to be called Advanced Supplementary (or AS) levels, which students will be able to take alongside A-level courses and which will require about half the amount of teaching time of an A-level course (see p 188, 1984). These will enable A-level students to study additional subjects which will contrast with or complement their A-level studies; the first examinations will be held in 1989, a year later than originally proposed.

Other recent developments have included the establishment of a new qualification, the Certificate of Pre-Vocational Education for young people who stay on at school or college for one year after the compulsory period, but who are not pursuing CSE or O level courses and have no clear vocational aim in view (see p 213, 1982) and the proposed introduction by 1990 of records of achievement – a record of pupils' skills, knowledge, achievements and experience which would go beyond examination results – for all pupils leaving school (see p 333, 1984).

Teaching Quality

If the Government's policies for the curriculum and examinations are to be achieved, says the White Paper, this will require a teacher force adequate in size and with the right combination of qualifications, experi-

ence and teaching skills. While there is much excellent teaching in maintained schools, a significant number of teachers are performing at a standard below that required to achieve these objectives. A number of measures are therefore being taken to improve the match between teachers' qualifications and their work, to provide further training for serving teachers, and to improve the management of the teacher force. With the help of the Council for the Accreditation of Teacher Education, which was set up in 1984, a much more rigorous approach to initial teacher training is being promoted, including the selection of students for training, the academic and professional content of courses and the practical element of training. Courses should include a substantial element of school experience and teaching practice, while the staff of teaching institutions will themselves be expected to have had recent successful experience of school-teaching.

In-service training has an important contribution to make to the career development of teachers, and all teachers need from time to time to make use of such training. In order to provide a much more systematic approach to the planning of such training at both school and local education authority level, the Government plans to introduce legislation extending its existing powers to grant-aid such training. (As an interim measure, the Manpower Services Commission is to spend £25 million in the two years beginning 1985–86 on in-service training for teachers in such subjects as craft, design, technology, information technology, microelectronics, business studies and physical science.).

In regard to the management of the teaching force, regular and formal appraisal of the performance of all teachers is essential if local education authorities are to have the information necessary to support and deploy staff to best advantage. The Government therefore proposes to take powers to require education authorities to appraise teachers' performance in certain circumstances.

School Governing Bodies

Although the action now necessary to raise standards in school education can in the main be taken within the existing legal framework, changes are necessary in the composition and powers of school governing bodies. At present, the powers and duties of these bodies give them too restricted a role in school management in relation to that of the education authority or the head teacher. The Government therefore plans to introduce legislation which will provide for equal numbers of parent and local authority governors, so that no single interest will predominate. Governing bodies will have responsibility in future for the main policies of their schools and will have a duty to draw up a statement of their schools' curricular aims and objectives, and to review it from time to time. They will also have ultimate responsibility for school discipline, and have a say in the appointment and dismissal of staff. They will also be required to issue an annual report to the parents of all pupils and in most cases to call an annual meeting of parents to discuss this report.

Under-Fives

About 80 per cent of children are at school before they are five, either in a nursery school or class or in the youngest class of a primary school. Local education authorities face problems of priority in determining the type and distribution of school places for the under fives, and have rightly tried to give preference to those children who most need help. The Government will aim to secure that authorities' expenditure on the under-fives should continue, in cost terms, within broadly the same totals as at present.

School Discipline

Many schools consistently secure good order and attempt to create a positive attitude towards good behaviour in all that they do.

The poor standards found in a small minority of schools, however, give rise to widespread concern and anxiety and the local education authorities and schools concerned have an urgent duty to tackle this problem. More schools should offer more opportunities for pupils to acquire the habit of self-discipline, encourage and reward high standards of conduct, and rely less on disciplinary sanctions. The Government has introduced legislation which will give parents the right to exempt their children from corporal punishment at school (see pp 55-6).

Ethnic Minorities

The Government accepts and is concerned at the finding of the Swann Committee (see pp 137-40) that many ethnic minority pupils are continuing to achieve below their potential. Its policies are designed to reduce under-achievement wherever it occurs; to remove the educational obstacles which hold back particular groups of pupils; and to support the work of the education service in preparing pupils for an ethnically mixed society which is working towards racial harmony.

Schools should continue to give the highest priority to the teaching of English to ethnic minority pupils from homes where a language other than English is spoken. The Government supports this work financially. All pupils need to understand and acquire a positive attitude towards the variety of ethnic groups within British society.

The Government will explore with its partners how more teachers can be drawn from the ethnic minorities and will continue to try to identify an acceptable scheme to collect and use ethnically-based statistics on pupils. It also intends to commission research into causes of under-achievement.

The Independent Sector

Independent schools provide, at any one time, for about 6 per cent of the school-age population in England and Wales and there has been a long tradition of high standards and innovation at the best independent schools. The independent sector contributes significantly to diversity and choice in the school system, and the Government is committed to preserving and fostering this enriching contribution.

Parents and Schools

Schools should explain their aims and policies to parents and work closely with them as many schools now do. Although schools cannot hand over to parents activities which can be properly conducted only by teachers, many schools should take a wider view of how parents can support at home what the schools seek to do, and assist with the school's daily work.

The Education of Children from Ethnic Minority Groups

The central conclusion of the Committee of Inquiry into the Education of Children from Ethnic Minority Groups is that there is no single reason why children of West Indian origin do less well at school, on the whole, than their white peers while Asian children are achieving very much on a level with white children. Lord Swann, the chairman of the Committee, says that society must not, through prejudice and discrimination, increase the social and economic deprivation experienced by many ethnic minority families and, at the same time, schools must respond with greater sensitivity to the needs of ethnic minority children. In response to the Committee's report the Secretary of State for Education and Science has referred to the Government's policies for improving the performance of all children while tackling the obstacles which prevent ethnic minority pupils from achieving their full potential.

The Report

The report *Education for All*,[1] which was published on 14 March, contains the findings of the Committee of Inquiry into the Education of Children from Ethnic Minority Groups which was set up in 1979 under the chairmanship of Mr Anthony Rampton. Two years earlier the House of Commons Select Committee on Race Relations and Immigration in its report *The West Indian Community* had recommended that there should be an inquiry into the causes of underachievement among children of West Indian origin in maintained schools. The terms of reference of the inquiry were to examine the needs of children of all ethnic minority groups with priority being given to those of West Indian origin. The Committee published an interim report, *West Indian Children in our Schools*, in 1981 (see p 212, 1981) and Lord Swann succeeded Mr Rampton as chairman of the Committee of Inquiry in the same year.

The present 800-page report is a major study containing 16 chapters and some 40 annexes, a number of which are the results of research undertaken or commissioned by the Committee. The report examines such questions as the theory and practice of racism, achievement and underachievement, a historical perspective of ethnic minorities and education, multicultural education, language, religious education, and teacher training. Though dealing primarily with children of West Indian and Asian origin, the report also considers in its final section the needs of children of Chinese, Cypriot, Italian, Ukrainian and Vietnamese origin and of the 'Liverpool Blacks' and travellers' children. Published with the report is a guide to its main issues written by Lord Swann which he describes as a 'personal overview'; the following summary is based on this.

[1] *Education for All.* The Report of the Committee of Inquiry into the Education of Children from Ethnic Minority Groups under the Chairmanship of Lord Swann FRS, FRSE. Cmnd 9453. HMSO. £24. ISBN 0 10 194530 2. Accompanying the report is *Education for All: a brief guide to the main issues of the Report* by Lord Swann. HMSO. ISBN 0 11 270570 7. If bought separately the brief guide costs £1·50.

The Main Issues

Lord Swann says that society is still not according equality to ethnic minorities and the educational system is not exempt from such criticism. The perception of education as central to success in adult life is held, if anything, more deeply by ethnic minority parents than by those of the majority culture. Some 2·5 million British citizens now belong to recognisable ethnic minorities. In the period of post-war immigration the educational response to ethnic diversity has been marked by good intentions, both on the part of schools and teachers, and there has been an underlying assumption that education should enable all children to make the fullest use of their abilities. Questions have to be asked, however, about why these good intentions have not worked out in practice.

Underachievement

Evidence taken for the Committee from a survey of school-leavers in six local education authorities with large ethnic minority rolls and published in its interim report showed that West Indian children, on average, did very much less well in examinations then their white peers, while Asian children achieved very much on a level with white children except in English. A second survey carried out three years later showed similar results, though the performance of West Indian children was slightly better, suggesting, perhaps, a measure of social and educational progress. Among Asians, the Bangladeshis were doing very poorly. Lord Swann says that comparisons with white school fellows are not the whole story; it would be helpful to know to what extent children are achieving their potential. It is possible to give only a very general answer to this question, first because there is no certain indicator of potential and IQ scores are not a reliable measure, and second because it has long been known that school achievement is closely related to socio-economic status or social class. Since a proportion of families from the majority community are disadvantaged, many white children are failing to achieve their full potential, but since the ethnic minorities are on average more disadvantaged, the shortfall of achievement as against potential is likely to be greater.

Lord Swann refers to the work of Professor Bhikhu Parekh of Hull University who points out that participants in the debate tend to look for one specific factor to account for underachievement, be it class, racism, the West Indian family, West Indian culture, the school or educational system. Professor Parekh considers it to be a fallacy to look for a single factor. He also points out that it is not possible for a debate on so sensitive an issue to remain unpolitical.

IQ and Intelligence

The Committee examined the highly sensitive question of whether, as has been alleged, West Indian underachievement is the result of low intelligence. A paper by Professor Nicholas Mackintosh, Professor of Psychology at Cambridge University, and his colleague Dr Mascie Taylor, reproduced in the report, shows that much of the difference in average IQ scores between West Indian and white children is related to differences between them in matters of socio-economic status. It is not generally realised that these factors are related to IQ among whites and when they are taken into account, the differences between West Indian and white children are sharply reduced. The difference may

be of no more significance than the average difference in scores between twins and single children within a white family. The authors consider that this does not matter and say that they would question the good sense or goodwill of anyone who claimed that it did.

Socio-Economic Factors

Lord Swann goes on to discuss the effect of socio-economic factors which he says are well known to correlate closely with achievement for all children. West Indians are disproportionately represented in the lower social classes, partly because of prejudice. They share with the white population in those social classes a considerable measure of socio-economic deprivation, but also suffer extra deprivation brought about by prejudice and discrimination, particularly in employment and housing.

School and Family

In Lord Swann's view the Committee has done a 'valuable job' in disposing of low intelligence as an explanation of underachievement and pinpointing the importance of low socio-economic status aggravated by prejudice and discrimination. The Committee has little to say about the alleged inadequacy of the West Indian family structure because it found no objective evidence pointing one way or the other.

On the question of the part schools might be playing in underachievement Lord Swann says that the interim report acknowledged that West Indian parents put emphasis on the low expectations placed on their children by the schools and on prejudice and discrimination in the educational system. This emphasis was felt to be unfair and misleading by many teachers. Having examined the research on teacher expectation and low self-esteem among pupils and commissioned further research, part of which had to be abandoned because of the hostility aroused, the Committee was unable to decide with any certainty the relative importance of factors in and outside the educational system that might be crucial.

The Paradox of Asian Performance

Asians, while less socially or economically deprived than West Indians, are more deprived than the white majority, says Lord Swann, but this has not led to underachievement by comparison with white children. Moreover, if there are factors stemming from prejudice and discrimination, it is surprising that Asian children should not be affected as West Indian are. The Committee is not able to explain this paradox but draws attention to the view of Professor Parekh that any given factor should not be expected always to produce the same result with everybody. In the absence of objective evidence, the Committee puts forward two possible explanations: a difference in life-style and the effect of the tight-knit Asian family structure on educational achievement.

The Central Conclusion

The Committee concludes that there is no single cause of underachievement and therefore no single solution. There is at least a dual problem. On the one hand society must not, through prejudice and discrimination, increase the social and economic deprivation of ethnic minority families and, on the other, schools must respond with greater sensitivity and without prejudice to the needs of ethnic minority children. In the long run the Committee believes that education is society's best hope for changing the attitudes of coming generations of the white majority. A start has been made in both respects over recent years but there is still a long way to go before schools bring out the best in *all* their pupils.

Education for All

The report acknowledges that 'Education for All' is a difficult assignment and says that it is an issue for all schools and all pupils, not just those schools and authorities with a substantial number of ethnic minority pupils. Education has always been more than the reinforcement of the beliefs and values which each child brings to school and there is now an acute need for a new dimension of tolerance and understanding which must permeate every aspect of the school's work. The concept of 'Education for All' is discussed at length and a large number of detailed and practical recommendations are made. The Committee hopes to see greater attention paid in teacher training courses to needs arising from an ethnically diverse society as well as optional specialist courses. It would like all students to be given the opportunity to gain experience in a multiracial school, more relevant in-service training for teachers, and the development of certain teacher training institutions as specialist centres.

The Committee is concerned at the small number of ethnic minority teachers and, while it is not in favour of positive discrimination and quotas, it believes that action should be taken to overcome the prejudice and discrimination which it believes is the major obstacle to the employment and advancement of would-be ethnic minority teachers. It reiterates the recommendation of the interim report that statistics should be collected on an ethnic basis about teachers and pupils.

Further Issues

Lord Swann refers to certain other issues which, though important, are not part of the main thread of the Committee's arguments. These are language and language education, religious education and the question of 'separate' schools and the education of the smaller ethnic groups.

The Committee emphasises that a good command of English is essential to equality of opportunity and participation on equal terms in society. Priority must be given to learning English and pre-school provision is seen as particularly important. The Committee prefers the teaching of English as a second language to take place in mainstream schools as part of language education rather than by withdrawing pupils to language centres or separate units.

While believing in fostering the linguistic and cultural identities of ethnic minority communities, the Committee is not in favour of using mother-tongue languages as a medium of instruction. Nor does it consider that mainstream schools should be responsible for teaching and maintaining these languages, though they and local education authorities should offer help for community-based provision. Where there is sufficient demand, ethnic minority languages should be included as part of the modern languages programme in secondary schools.

On the question of religious education the Committee believes that there should be a non-denominational and undogmatic approach as the means of enabling pupils to understand the nature of religious belief, the religious dimension of human experience and the plurality of faiths in contemporary Britain. The Committee sees no inherent conflict between religious education in schools and the role of community institutions in providing religious instruction in a particular faith. (The full report recommends that in view of the multiplicity of beliefs in society, the statutory requirements for a daily act of worship and religious education should be reconsidered.)

The Committee also considers the arguments for 'separate' schools, that is, aided or independent schools set up by minority groups. A majority of members do not believe it is desirable for children to be taught largely or exclusively by teachers of the same minority group. The Committee is in sympathy, however, with the requests from some minorities, particularly Muslims, for the retention or creation of single-sex schools and also hopes that teachers will show sensitivity to the concerns of Muslim parents over the education of girls.

The study of the small minority groups was undertaken by the Committee partly with a view to finding out what lessons might be learnt from comparing a number of minority communities, some old-established, some new, some refugees and some coming to Britain from choice. A striking feature was found to be the strong sense of ethnic identity in every group. There was also the common experience of prejudice and discrimination.

The Way Ahead

Considering who can do most to counter underachievement, Lord Swann says that many different institutions have a part to play in getting rid of the prejudices and discrimination that increase the social and economic deprivation of the ethnic minorities. But in the long run the Committee has no doubt that the educational system has most to offer. Teachers must sometimes despair at being so frequently cast as the people who can set the ills of society to rights and resolve dilemmas for which they are not primarily responsible, says Lord Swann. Nevertheless, second only to the family, they are the people who can most profoundly influence future generations. It would be unrealistic to expect them to bring about an immediate revolution in social perceptions, but it is realistic to expect schools to address themselves to the task.

Over the centuries Britain has evolved durable institutions and traditions embodying a humane and tolerant philosophy. The aim should be to make these institutions and traditions comprehensive the whole population so that they continue to exert a unifying role in national life.

Government Response

In a statement in the House of Commons on the publication of the report (*Hansard*, Vol 75, No 80, cols 451-9) the Secretary of State for Education and Science, Sir Keith Joseph, said that the Government accepted the Committee's finding that many ethnic minority pupils were achieving below their potential and recognised the concern of parents. It would strive to improve the position through three broad lines of policy. First, underachievement was not confined to the ethnic minorities. Many in the majority community could be doing far better, and the Government was determined that they too should be helped. The Government's policies for schools were designed to raise the performance of all pupils and to tackle the obstacles to higher achievement which were common to all (see p 134). As these policies bore fruit, ethnic minority pupils would share in the benefit. Second, the Government was determined to give ethnic minority pupils the same opportunity as all others to profit from what the schools offered. Obstacles to opportunity were being tackled, notably by promoting good practice in the teaching of English as a second language. Third, the Government wanted the schools to preserve and transmit national values in a way which accepted Britain's ethnic diversity and promoted tolerance and racial harmony. Whether or not a school contained ethnic minority pupils, its ethos and curriculum should promote understanding and respect among all its pupils for the different ethnic groups who now contributed to national life.

These three lines of policy were being supported by a number of measures. The Government was taking steps to raise pupil achievement generally. The need to take account of the ethnic diversity of society had been written into the new criteria which would govern initial teacher training and the General Certificate of Secondary Education examinations, and would be incorporated into the objectives for the relevant subject areas of the school curriculum which were being formulated in co-operation with the education service. The same need lay at the heart of a group of projects, costing some £1 million in 1985-86, which would be supported through the new education support grant scheme (see p 160, 1984), and of some urban programme projects. He would propose to the local authority associations that from 1986-87 the in-service training grant scheme should include training dealing with the need to respond to ethnic diversity. Meanwhile in English-language and mother-tongue teaching the good practice endorsed by the Committee would continue to be encouraged by Her Majesty's Inspectorate of Schools and supported by grants made by the Home Secretary, under section 11 of the Local Government Act 1966 [towards the cost of employing extra staff in areas with substantial numbers of 'Commonwealth immigrants']. Policy for the good education of ethnic minority pupils needed information which was adequate to measure and secure progress. Some local authorities already collected information on pupils on an ethnic basis. As the Committee's interim report recommended, Sir Keith said he had been exploring with the education service and the ethnic minorities the collection of ethnically based statistics on school pupils. There were legitimate concerns and practical difficulties, but he hoped that this work would soon come to a successful conclusion so that all authorities could operate acceptable and mutually compatible schemes which respected confidentiality. The Committee recommended that, without positive discrimination and without any reduction in the required level of qualification, an increase in the proportion of ethnic minority teachers should be sought. The Government accepted this recommendation and would consider with the education service and the ethnic minorities how it might best be pursued. He would consult about the possibility of establishing acceptable arrangements for the collec-

tion of statistics on ethnic minority teachers and students in teacher training as the Committee also recommended.

More hard information about the effect on achievement of factors in and out of school was badly needed. He intended to commission research to look at these factors, and at the extent to which they contributed to underachievement among pupils of all backgrounds; ethnic minority pupils would be one part of such a study.

The report contained many detailed recommendations which would be considered in consultation with those concerned in the education service and outside it. He would also consider what might be done in these matters in further education which was outside the Committee's remit. But to forestall unfounded fears or hopes the Government wished to make clear that it could not accept four recommendations in the report. It did not intend to change the present statutory requirements for daily collective worship and for religious education in maintained schools. Nor did it wish in any way to call in question the present dual system of county and voluntary schools. It remained the Government's policy not to extend mandatory student awards to any form of study which precedes higher education and there was no immediate prospect of legislation to amend section 11 of the 1966 Act [to broaden its application to the wider needs of ethnic minority communities]. These four matters were not at the heart of this issue. It was the policies and practical actions already outlined that offered the best prospect of mobilising the combined efforts of the education service to the vital, but difficult, task of reducing underachievement at school and promoting good education in Britain's multi-ethnic society.

Co-ordination of the Youth Service

The need to ensure sound arrangements for the planning, co-ordination and management of the Youth Service is emphasised in a circular sent by the Department of Education and Science to local education authorities and national voluntary youth organisations following consultation on the report of the Review Group on the Youth Service in England. The Government recognises the major contribution made by voluntary organisations in providing for young people and says that arrangements for the future must reinforce the partnership between the voluntary and local authority sectors in order to secure the best return from available resources.

The 'distinctive and varied contribution' from voluntary organisations is acknowledged in the circular which points out that they are the major providers, catering for some 6 million young people, and that many thousands of voluntary workers make an essential contribution in both the voluntary and local authority sectors. It is creditable that, within the financial limitations required of them, local authorities have been able to support the Youth Service so well.

Review Group's Report

The report of the Review Group on the Youth Service, *Experience and Participation,* was published in 1982 (see p 368, 1982) and a number of its recommendations have already been acted upon as a means of improving the planning, co-ordination and management of services and resources. The Secretary of State for Education and Science accepts the need for a national advisory council and for a youth unit to be established within the Department of Education and Science; a review of the National Youth Bureau has been undertaken to enable it to carry out more effectively the tasks of collecting and analysing data and spreading information about good practice and innovation; and the Department is making grants available to voluntary organisations for short-term experimental projects in managerial innovation. With regard to training staff, the Council for Education and Training in Youth and Community Work has been established to undertake the professional endorsement of initial and further training courses for full-time personnel and to foster new developments, and grant-aid has been made available to voluntary organisations for training part-time and volunteer staff.

The Secretary of State endorses certain principles formulated by the Review Group, in particular the need to avoid duplication by local authorities of activities which the voluntary agencies are willing and able to undertake. This points to the need for machinery for consultation and dialogue within each area and it should be possible to build upon existing arrangements and develop contacts between local authorities and the local councils of voluntary youth services which already exist in some two-thirds of local authority areas. Local authorities may also wish to consider ways of devising a training policy jointly with the voluntary sector, says the circular.

Participation by Young People

The Secretary of State believes that as part of their personal development, young people should be involved in decision-taking. Such involvement is effective within individual clubs or organisations and on local youth councils, and is also appropriate in partnership arrangements between local authority and voluntary services. At national level the Secretary of State plans that young people should be included in the proposed national advisory council.

Particular Needs

The Secretary of State refers to the needs of those groups of young people which the Review Group saw as a challenge to the Youth Service. These include young people with mental and physical handicap and those at risk of getting into trouble. Young people from the ethnic minorities also have special needs. Within the necessary expenditure constraints the Secretary of State also draws particular attention to the young unemployed and refers to the contribution of the Youth Service to the Youth Training Scheme for unemployed school-leavers (see p 127).

Shorter Notes

ENTRY OF DOCTORS AND DENTISTS FROM OVERSEAS

A major programme of medical and dental school expansion which started in the late 1960s has led to a position where Britain is now essentially self-sufficient in the supply of doctors and dentists. In view of this the Government has decided that the immigration rules governing the entry of doctors and dentists from overseas, who hitherto had almost unrestricted access to the United Kingdom, should be brought into line with those applying to other groups seeking entry for employment. Nevertheless, Britain will continue to fulfil its traditional role of providing postgraduate training for overseas medical and dental staff. The change in policy was announced in a statement in the House of Commons on 26 March by the Secretary of State for Social Services, Mr Norman Fowler, and the amended immigration rules took effect from 1 April.

As a result, doctors and dentists are now subject to normal work permit arrangements, that is, their prospective employers will have to apply for a work permit on their behalf and demonstrate that there is no United Kingdom or European Community national capable of filling the post. Doctors and dentists seeking entry for the purpose of postgraduate training will be admitted for a period of up to four years. After four years in the United Kingdom they will be required to leave, subject to any extensions of stay which may be granted under the normal immigration and employment provisions. A similar permit-free period for postgraduate training (in addition to special arrangements to cover the pre-registration year needed by doctors) will be available to overseas nationals graduating as doctors or dentists from United Kingdom medical and dental schools. Overseas doctors and dentists wishing to be self-employed general medical and dental practitioners will have to comply with the relevant entry provisions for the self-employed (that is, they must have £150,000 to invest in their practice and must be able to demonstrate a need for their services).

These changes do not apply to doctors and dentists already working in Britain nor to European Community nationals who have free entry for employment.

Sources: *Hansard*, Vol 76, No 88, cols 228-34; *Statement of Changes in Immigration Rules*. HMSO, 75p. ISBN 0 10 229385 6; Department of Health and Social Security press notice, 26.3.85.

MORE STUDENT PLACES IN ENGINEERING AND TECHNOLOGY

A new Engineering and Technology programme, announced by the Government in March, will provide £43 million over three years for up to 4,000 extra student places in engineering and technology subjects at universities and other higher education institutions. The programme is in addition to the Government's information technology initiative, launched in 1982 (see pp 39-40, 1983) which is creating 5,000 additional higher education places in subjects relating to information technology, and to the £14 million engineering and technology programme in Scotland, announced in 1984 (see p 458, 1984). In the first phase of the programme 475 undergraduate and 104 postgraduate places will be provided at universities from October 1985.

Announcing the programme in the House of Commons, the Secretary of State for Education and Science, Sir Keith Joseph, said that it marked a substantial response to requests from industry for an increased output of graduates in engineering and technology. The combined effect of this and the related programmes (see above) would be to provide a substantial further stimulus to the output of engineers and technologists and hence to the economy.

Sources: *Hansard*, Vol 75, No 83, cols 482-4 and Vol 76, No 94, cols 618-19; Department of Education and Science press notices, 19.3.85 and 3.4.85.

MEASURES TO CURB FOOTBALL SPECTATOR VIOLENCE

A series of measures to be taken by the Government and the football authorities to combat spectator violence at football matches was announced following a meeting on 1 April between the Prime Minister, other ministers and representatives of the Football Association and Football League.

Giving details of the measures in the House of Commons, the Minister for Sport, Mr Neil Macfarlane, said that the football authorities had agreed: to examine urgently the Football Association's rules governing discipline and the responsibilities of clubs; to accelerate the introduction of closed-circuit television at grounds where problem matches might be played; to ensure that perimeter fencing at those grounds is in place and effective; to investigate a practical scheme of membership cards for matches at home and abroad; to introduce more restrictions on the distribution of tickets for problem matches; to encourage more and better family enclosures at league grounds; to deal severely with bad examples set to supporters by players' behaviour on the pitch; and, in advance of the legislation proposed by the Government, to take action under existing powers to deal with the problem of alcohol at matches.

The Government would itself take action in a number of ways, said Mr Macfarlane. Legislation would be introduced in England and Wales to control the sale of alcohol at grounds, and on transport to those grounds, along lines that had already been successful in Scotland under the Criminal Justice (Scotland) Act 1980. Under the Safety of Sports Grounds Act 1975 (which requires certain large stadiums to obtain a safety certificate), designation would be extended to clubs in Divisions Three and Four of the Football League, initially to grounds with a record of violence, and the existing safety guidelines would be reviewed. A White Paper would be published soon containing the Government's review of the Public Order Act 1936 and its proposals for new legislation, some of the provisions of which would assist in preventing and controlling football hooliganism. The Home Secretary would be discussing with the police possible improve-

ments in their effectiveness in dealing with football violence, particularly in obtaining evidence to bring more serious charges where appropriate. He was also encouraging magistrates to make full use of their powers, including the imposition of detention and attendance centre sentences and bail conditions forbidding attendance at matches, and was drawing attention to the Court of Appeal guidelines on sentencing violent offenders. For matches abroad, the Government would consult other governments on improving publicity for the Council of Europe's Recommendation on Football Violence made in 1983 (see p 358, 1984), and on the possibility of strengthening its provisions. There would also be a review of how the diplomatic service could help in identifying British troublemakers abroad, and arrangements were being considered for people convicted for offences abroad to serve their sentences in Britain. Travel agents would be discouraged from setting up special schemes for travel to matches where trouble was likely.

These measures, Mr Macfarlane believed, represented a substantial package to support the new tough line which the Football Association and the Football League had agreed to take.

Source: *Hansard*, Vol 76, No 95 (part 2), cols 756-7.

FINANCING THE BBC

The Government is to appoint a committee to examine the possibility and desirability of financing some or all of the BBC's services through advertising or by means other than the present licence fee. This was announced by the Home Secretary, Mr Leon Brittan, when he informed the House of Commons on 27 March that the BBC had been granted an increase in the colour television licence fee of £12 (from £46 to £58) and an increase in the black and white television licence fee of £3 (from £15 to £18) to last initially for two years. If decisions were not made as a result of the review within that time – or if it were decided there should be no change – the settlement would run for a third year at the same rate.

The committee, which, it is hoped, will complete its work by the summer of 1986, will be chaired by Professor Alan Peacock. Its terms of reference are as follows.

1 to assess the effects of the introduction of advertising or sponsorship on the BBC's Home Services, either as an alternative or as a supplement to the income now received through the licence fee, including

a the financial and other consequences for the BBC, for independent television and independent local radio, for the prospective services of cable, independent national radio and direct broadcasting by satellite, for the press and the advertising industry and for the Exchequer; and

b the impact on the range and quality of existing broadcasting services;

2 to identify a range of options for the introduction, in varying amounts and on different conditions, of advertising or sponsorship on some or all of the BBC's Home Services, with an assessment of the advantages and disadvantages of each option; and

3 to consider any proposals for securing income from the consumer other than through the licence fee.

Mr Brittan said that the setting-up of the committee did not in any way imply that the Government had decided to make changes in the present arrangements. But it did mean that options for a change would have to be considered in the light of the committee's report. He appreciated that the review would lead to a period of uncertainty, not only for the BBC but for the other media, in particular independent broadcasting, but he confirmed the Government's commitment to broadcasting services which achieved the highest standards in quality, popularity and diversity of consumer choice.

Source: *Hansard*, Vol 76, No 89, cols 479-94.

DOCUMENTATION

Government and Administration

Parliamentary Commissioner for Administration Annual Report for 1984. HMSO, £3·75. ISBN 0 10 226285 3.

Acceptance of Outside Appointments by Crown Servants: Government Observations on the Eighth Report from the Treasury and Civil Service Committee 1983-84. The observations contain the acceptance, in full or in part, of the Committee's recommendations. As a result, measures are to be introduced to ensure greater consistency in the implementation of the rules throughout the Civil Service and the armed forces, with the Advisory Committee on Business Appointments and the Cabinet Office having enhanced roles. Cmnd 9645. HMSO, £2·70. ISBN 0 10 194650 3.

Computer Fraud Survey. Audit Commission for Local Authorities in England and Wales. HMSO, £3·30. ISBN 0 11 701281 5.

Economic and Scientific Affairs

Financial Statement and Budget Report (see p 113). HM Treasury. HMSO, £5·35. ISBN 0 10 226585 2.

Supply Estimates 1985-86: Summary and Guide. HM Treasury. Cmnd 9450. HMSO, £7. ISBN 0 10 194500 0.

Committee on Enforcement Powers of the Revenue Departments. Report. Chairman: The Rt Hon The Lord Keith of Kinkel, PC. Volume 4: Customs, excise and car tax. (For volumes 1 and 2 see p 145, 1983; for volume 3 see p 71, 1984.) Cmnd 9440. HMSO, £11·50. ISBN 0 10 194400 4.

Monitoring and Control of Nationalised Industries: Departments of Energy, Trade and Industry and Transport. Ninth Report from the House of Commons Committee of Public Accounts, Session 1984-85. HMSO, £4·15. ISBN 0 10 205885 7.

Monitoring and Control of Investment by the Nationalised Industries in Fixed Assets. National Audit Office. Report by the Comptroller and Auditor General relating to the Departments of Transport, Trade and Industry and Energy. HMSO, £3·55. ISBN 0 10 228485 7.

British Overseas Trade Board. Report 1984 (see p 120). Available free from the British Overseas Trade Board, Publicity Unit, 1 Victoria Street, London SW1H 0ET.

Briefing on Britain. First issue of a magazine published as part of the Government's inward investment campaign (see pp 383-4, 1984). Available free from the Invest in Britain Bureau, Kingsgate House, 66-74 Victoria Street, London SW1E 6SJ.

Employment: the Challenge for the Nation (see p 124). Cmnd 9474. HMSO, £3·75. ISBN 0 10 194740 2.

Consultative Paper on Wages Councils (see p 126). Available unpriced from Department of Employment, Industrial Relations Division II, Steel House, Tothill Street, London SW1H 9NF.

Education and Training for Young People (see p 127). Cmnd 9482. HMSO, £2·25. ISBN 0 10 194820 4.

Health and Safety Commission. Plan of Work 1985-86 and Onwards (see p 131). HMSO, £4·50. ISBN 0 10 883786 9.

Burdens on Business: Report of a Scrutiny of Administrative and Legislative Requirements (see p 128). HMSO, £5·25. ISBN 0 11 513820 X.

European Communities Draft Ninth Company Law Directive on the Conduct of Groups containing a Public Limited Company as a Subsidiary. Consultative Document. Available unpriced from the Department of Trade and Industry, Financial Services and Companies Division, Sanctuary Buildings, 20 Great Smith Street, London SW1P 3DB.

European Communities Proposed Tenth Company Law Directive on Cross-Border Mergers of Public Limited Companies. Consultative Document. Available unpriced from the Department of Trade and Industry, Financial Services and Companies Division, Sanctuary Buildings, 20 Great Smith Street, London SW1P 3DB.

Financing of Public Transport Services: The Buses White Paper. Second Report from the House of Commons Transport Committee, Session 1984-85. Vol 1. Report and Minutes of Proceedings. HMSO, £6·90. ISBN 0 10 287385 2.

Invitation to Promoters for the Development, Financing, Construction and Operation of a Channel Fixed Link between France and the United Kingdom (see p 131). Available unpriced from the Department of Transport, 2 Marsham Street, London SW1P 3EB.

Financing and Administration of Land Drainage, Flood Prevention and Coast Protection in England and Wales. A Green Paper which examines the current arrangements for land drainage, flood prevention and coast protection, in particular financial arrangements, the structure of water authorities' land drainage committees and the administration of internal drainage districts. In England responsibility for coast protection is being transferred from the Department of the Environment to the Ministry of Agriculture, Fisheries and Food. Cmnd 9449. HMSO, £3·30. ISBN 0 10 194490 X.

Social and Cultural Affairs

Parental Supervision and Juvenile Delinquency, by David Riley and Margaret Shaw (Home Office Research Study No 83). Reports the findings of a survey of 751 families in England and Wales about supervision by parents and how juveniles of 14 and 15 spend their time inside and outside the home. According to the report, both boys and girls whose parents took less time to supervise their activities were more likely to admit delinquency, but, overall, teenagers were more likely to be influenced by friends and by the closeness of their relationships with their parents. Contrary to popular belief, one-parent families were no more likely to have delinquent teenagers than two-parent families. HMSO, £5·45. ISBN 0 11 340799 8.

Third Report of the Social Security Advisory Committee. The Committee, set up in 1980, is the Government's main independent advisory body on social security policy in Britain. The third report, covering its work during 1984, contains comments on pensions, supplementary benefits, housing benefits and benefits for children and young people. HMSO, £5·75. ISBN 0 11 761245 6.

Tackling Drug Misuse. A Summary of the Government's Strategy. Available free from the Home Office, E5 Division (Drugs Branch), Room 108, 50 Queen Anne's Gate, London SW1H 9AT.

Better Schools (see p 134). Cmnd 9469. HMSO, £6·40. ISBN 0 10 194690 2.

Better Schools: a summary. Department of Education and Science. Unpriced. ISBN 0 8552 154 2.

The Curriculum from 5 to 16. Curriculum Matters 2. A discussion paper published by HM Inspectorate (of Schools), the second in a series entitled *Curriculum Matters,* says that the curriculum needs to be planned as a unity from 5 to 16, with each part reinforcing the others. The wide diversity of sizes and types of primary, middle and secondary schools points to the need for a greater consistency in what is offered to, and might be expected of, pupils of similar potential wherever they may live. HMSO, £2. ISBN 0 11 270568 7.

Science 5 to 16: A Statement of Policy. A statement by the Department of Education and Science which says that all pupils should be introduced to science in the primary school, and should continue to study a broad science programme, well suited to their abilities and aptitudes, throughout the first five years of secondary education. HMSO, £1·50. ISBN 0 11 270572 3.

Education for All. The Report of the Committee of Inquiry into the Education of Children from Ethnic Minority Groups under the Chairmanship of Lord Swann, FRS, FRSE (see p 137). Cmnd 9453. HMSO, £24. ISBN 0 10 194530 2.

Education for All: a brief guide to the main issues of the Report, by Lord Swann (see above). Accompanies the main report. HMSO. If bought separately, the brief guide costs £1·50. ISBN 0 11 270570 7.

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